FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,333 Wednesday May 30 1984 D 8523 B

Nato issues swept under the carpet, Page 17

NEWS SUMMARY

GENERAL

German metal talks collapse

Talks between the metal-worker's union IG Metall and the employers' association, Gesamtmetall, over a 35-hour working week collapsed after the union rejected an offer for a 38-hour week for shift workers.

Engineering employers in the state of Hesse plan to lock out 26,300 workers from today, affecting nearly all large metal industry plants there. Page 2

Botha in Portugal

South African Prime Minister P. W. Botha arrived in Portugal on the first leg of his European tour. Chinese Premier Zhao Ziyang arrives in Paris today for a five-day visit to France. Page 2

Farmers protest

French farmers briefly barred the way of EEC agriculture ministers on a tour of inspection at Angers, western France, in a day of protests at Community farm policies which brought clashes between riot police and the demonstrators, said to number up to 35,000. Page 18

Coalition truce

After nearly three weeks of bickering, the five parties in Italy's coalition Government appear to have agreed on a truce to keep the Government in being until after the European elections on June 17. Election previews, Page 3

Anti-Arab trial opens

Israel's first trial in connection with a Jewish anti-Arab underground movement opened when a settler accused of transporting 50 stolen mines used by the group for explosives appeared in a Jerusalem court.

Albanians 'tortured'

Yugoslavia is torturing and terrorising ethnic Albanians in Kosovo province and has jailed Albanian children in a secret wave of arrests and trials, Albania's official news agency ATA alleged.

Vietnam oil find

A Soviet drilling ship struck oil at a depth of about 3,000m off southern Vietnam after more than three years of exploration.

'Hitler diaries' trial

The trial of two men accused of fraud in the "Hitler diaries" forgery will open in Hamburg on August 21, said a lawyer for one of the defendants.

Pit strike arrests

More than 80 people were arrested and 64 injured in clashes between police and pickets in the UK coal dispute. Page 10

Landmine death

A British soldier was killed and a second seriously injured by a landmine in Northern Ireland, near to the border with the Irish Republic. The Provisional Irish Republican Army said it was responsible.

Polish spy trial

A Polish military prosecutor demanded prison sentences of 25 and 15 years for a Pole and a West German accused of spying for the U.S. Central Intelligence Agency.

Poll forecast

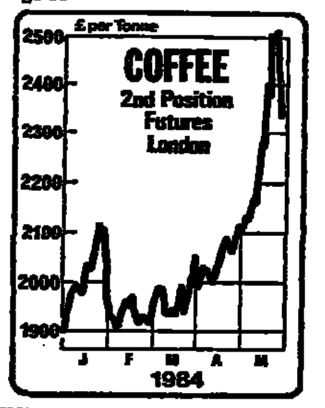
Voter turnout at next month's European Parliament elections is likely to be 64 per cent – only marginally higher than the 62 per cent in the first direct elections in 1979, according to a European Commission opinion poll.

BUSINESS

Australia plans car industry cuts

AUSTRALIA's Labor Government announced a major reorganisation of the country's automotive industry over the next eight years. It calls for reductions in the number of local manufacturers and locally-produced models. Page 18

COFFEE prices tumbled in London after a wave of trade and speculative selling. The July position dropped £121.5 to £2,329 a tonne. Page 36



WALL STREET: The Dow Jones industrial average was down 5.86 at 1,101.24 at the close. Report, Page 27; Full share prices, Pages 28-30, 38

LONDON financial markets were quiet after the long weekend break. The FT Industrial Ordinary index closed down 1.7 to 828.2. Chief price changes, Page 30; Details, Page 31; Share information service, Pages 32-33

TOKYO stock market rebounded despite record margin debts with the Nikkei-Dow average up 47.93 to 10,163.97 on increased turnover of 247m shares. The Stock Exchange index added 3.26 to 793.81. Details Page 27; Leading prices, Page 30.

DOLLAR improved slightly to DM 2.73 (DM2.7225), FFr 8.4125 (FFr 8.385), SwFr 2.257 (SwFr 2.245) and Y231.7 (Y231.5). Its Bank of England trade-weighted index rose to 131.3 from 130.9. In New York it closed at DM 2.71, SwFr 2.24, FFr 8.44 and Y231.7. Page 37

STERLING moved up 10 points to $1.386. It also improved to DM 2.7875 (DM 3.7725), FFr 11.655 (FFr 11.605), SwFr 3.13 (SwFr 3.1125) and Y321.25 (Y320.75). Its trade-weighted index also improved to 79.6 from 79.4. In New York it closed at $1.38. Page 37

GOLD gained $1 in London to $385.75. It closed in Frankfurt and Zurich at $385.75. In New York the June Comex settlement was $385.50. Page 36

SKIS ROSSIGNOL, leading French sports equipment group, expects a 40 per cent boost in earnings this year to about FFr 40m ($4.7m). Page 19

ITALIAN insurance companies Assicurazioni Generali, RAS and Toro Assicurazioni announced increased profits for 1983. Page 19

VOLVO, biggest Nordic region industrial corporation, lifted first-quarter profit before tax by 154 per cent to SKr 2.6bn ($323.5m), a record performance. Page 20

BMW, West German car and motorcycle maker, is losing revenue of between DM 50m ($18.5m) and DM 60m a day as a result of the metal-workers' strikes, according to chief executive Eberhard von Kuenheim. Page 19

The editorial content of today's international edition has been restricted because of continuing industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. over-the-counter and Canadian share prices.

Reagan invokes special powers in Saudi arms sale

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

The U.S. has sent 400 Stinger anti-aircraft missiles and one extra tanker aircraft to bolster Saudi Arabia's defences against possible air attack.

President Ronald Reagan used special emergency powers to authorise the sale – without waiting for Congressional approval – because of a growing threat to Saudi Arabia and the West's oil supplies, the State Department said yesterday.

Saudi Arabia would decide how to deploy the shoulder-fired Stingers, and their 200 launchers, according to the department. Strict safeguards had been agreed with the Saudi authorities to prevent the weapons from falling into the wrong hands.

The Administration stressed that the equipment would be used by Saudi Arabia strictly for defensive purposes and that U.S. personnel were not expected to be involved in combat in the Gulf. The KC-10 tanker aircraft would be in addition to the three American aerial tankers already used by Saudi Arabia to refuel its fleet of five Awacs early-warning aircraft.

The Pentagon said the four tankers, all flown by Americans, could be used to refuel either the Awacs or Saudi Arabia's F-15 fighters to allow them to mount longer patrols. The refuelling operations would take place in Saudi air space, probably over land.

The Saudi forces are also to receive an advance shipment of special, previously ordered fuel tanks to lengthen the F-15s' flying time, as well as ammunition and spare parts for American equipment already in their possession. Officials said the Administration had not, however, approved the sale of bomb racks for the F-15s, long sought by Saudi Arabia but strongly opposed by Israel.

The State Department said the U.S. action was in response to a dramatic escalation in the Gulf war in recent days – bringing the fighting close to key petroleum and other facilities. There was a "demonstrated threat" to shipping and a "potential threat" to the oil facilities.

The decision is nevertheless coming under criticism in Washington both from supporters of Israel and those who fear that U.S. forces will eventually be drawn into the Gulf fighting.

Kathy Evans adds from Tehran: Efforts by Syria to ease the tension in the Gulf may have paid off at least temporarily, reliable informants close to Damascus said in the Iranian capital. At the same time, Iran is putting all the pressure it can on the Gulf states.

A meeting last weekend in Riyadh between Mr Abdel Halim Khaddam, the Syrian Vice-President, and King Fahd of Saudi Arabia resulted in a Saudi undertaking to try to persuade Iraq to call off its attacks on oil tanker traffic in the Gulf, the Syrians claim.

Regan call to limit debt, Page 4

Bonn and Paris to study joint spy satellite plan

BY DAVID MARSH IN PARIS

FRANCE and West Germany have agreed to study a joint project to build military observation satellites for the 1990s which would be used, among other purposes, to help to support France's nuclear strike force.

The accord, reached during the two-day Franco-German summit meeting which ended in Paris yesterday, is the most far-reaching in a range of military, technical and political collaboration agreements which include building an anti-tank helicopter and the abolition of customs formalities between the countries.

Summing up the result of the discussions at a press conference held in the chateau of Rambouillet, south-west of Paris, President François Mitterrand said "real progress" had been made in Franco-German links, especially in the area of harmonising standards for bilateral technology trade.

Chancellor Helmut Kohl said the talks, which laid down a tough Paris-Bonn line in the quarrel over Britain's EEC budget contribution ahead of next month's Fontainebleau summit, were particularly fruitful.

The military helicopter deal will result in orders worth DM 7bn ($2.5bn) for French and West German industrial groups led by Aerospatiale of France and Munich-based Messerschmitt Boelkow Blohm.

The accord, for a total 427 helicopters of three models to be shared between the two armies, is seen as a particularly important step after the failure of the previous Paris and Bonn governments to agree on a joint tank project in 1980.

The announcement of the ending of customs formalities – which M Mitterrand said would become effective "very shortly" – is a key symbolic step in the countries' efforts to broaden links. It remains to be seen, however, how the agreement will fit in with tough French border regulations covering illegal immigration, terrorist activity and exchange controls.

The French and West German Defence Ministries, which have developed close relations in recent months in strategic policy areas and the weapons procurement fields, will be forming study groups to examine further joint military developments.

Apart from the military observation satellite, these include joint production of new generations of anti-ship and anti-aircraft missiles.

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Nato strategy, Page 17

Miners' strike hits UK trade figures

By Max Wilkinson in London

EXTRA OIL imported to combat the effects the British miners' strike helped to push Britain's trade account into a record deficit in April, official figures showed yesterday.

The deficit on trade in goods rose from £227m ($313.2m) in March to £838m last month. This was offset by an estimated surplus of £250m in invisible trade in both months leaving a deficit on the current account of £588m for April.

It is estimated in Whitehall that £100m of that deficit resulted from increased imports of oil, largely as a result of the switch to oil-fired power stations from those which would have been burning coal.

A further £150m of the deficit is thought to reflect a rapid build-up of stocks by oil companies in response to fears that the Iran-Iraq war might close the Gulf to shipping.

The overall surplus on oil trade fell to £370m in April compared with an average of £770m a month in the first quarter of the year. Oil exports fell about £200m compared with the average for the early part of the year, while imports rose about £140m.

The large current account deficit in April also reflected a record deficit on non-oil trade, caused by high imports. The April deficit on non-oil trade in goods reached £1.2bn compared with an average of about £800m in the first three months of the year.

The figures show, however, that exports are still running at a high level, with the volume on non-oil exports 2½ per cent higher in the three months to April compared with the level in the previous three months.

The volume of non-oil imports was up 2 per cent in the same period and reached a record in April, which was 13 per cent higher than the average for 1983.

Although the trade figures are notoriously erratic from month to month, with large swings in the current account balance, non-oil imports and exports have shown a steady and persistent tendency to increase.

The average level of non-oil exports in the three months to April was 8 per cent higher than the average for last year while non-oil imports rose 9 per cent.

Markets report, Page 27; London Stock Exchange, Page 31; Currencies, Page 37

Pressures on interest rates ease, Page 10

Japan, U.S. agree on yen package

BY JUREK MARTIN, FAR EAST EDITOR IN TOKYO

JAPAN yesterday formally committed itself to making its currency more widely available to international investors and to a gradual relaxation of controls over its domestic capital markets.

The package, the fruit of four months of sometimes bitter negotiations with the U.S., also opens a number of opportunities to foreign financial institutions both in Japan itself and in their freedom to handle yen-denominated international issues.

Although a formal statement issued by the two finance ministers, Mr Noburo Takeshita and Mr Donald Regan, the U.S. Treasury Secretary, refers to "significant, far reaching actions which will have a lasting, positive effect on the yen-dollar rate," senior Japanese officials doubt that the impact will be either immediate or necessarily very large.

Mr Tomomitsu Oba, the deputy Finance Minister and chief Japanese negotiator with the U.S., said last night that he thought the yen might depreciate in the short term before recovering late. "We are not doing this in order to strengthen the yen," he added, "but to promote economic efficiency and fulfil our international responsibilities."

In many respects, the package is noteworthy for the extent to which the two sides agreed to disagree (on how the Japanese Government debt should be funded, for example and on the impact on interest rates of the U.S. deficit) as well as for the success of Japan in resisting specific U.S. demands for more radical action.

Thus Japan has done no more than commit itself in the most general terms to studying the removal of the withholding tax on earnings by non-residents from Euroyen bonds issued by Japanese residents. It also flatly refused to consider removing the tax for domestic investments; and it made no promise to establish a fully-fledged domestic Treasury Bill market.

Though the package covered much well trodden ground it includes a number of specific measures which may make Japan a more attractive proposition for international institutions and investors. These include: allowing foreign banks, acting either on their own or in collaboration with Japanese trust banks, to handle Japanese pension funds. This market is worth Y14 thousand billion ($60bn)

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Editorial comment, Page 16; Details, Page 19

Financier tries to oust Disney board

BY TERRY DODSWORTH IN NEW YORK

MR Saul Steinberg, the U.S. financier and owner of Reliance Financial Services, took the first step yesterday in a bid for boardroom control of Walt Disney Productions.

In a filing with the Securities and Exchange Commission Reliance disclosed that it intended to seek shareholder approval for the removal of the Walt Disney board.

The move follows a filing last week in which Mr Steinberg, who owns 12.2 per cent of Disney, indicated that he might acquire up to 49.9 per cent of the entertainments group through a tender offer, merger, or open market purchases.

Wall Street's initial reaction to yesterday's Reliance announcement was to mark down Disney's shares by $3 to $64¾ valuing the company at $2.2bn.

The company's stock was heavily traded last week, when indications of Mr Steinberg's intentions emerged, along with suggestions that he was working with other investors to mount a bid for Disney.

In an earlier announcement yesterday Marriott Corporation, the hotels company, denied speculation that it was intending to join a group to acquire Disney stock.

Disney refused to comment yesterday on Mr Steinberg's action, but the company has taken steps to defend itself from an unwelcome takeover attempt by acquiring the Arvida property company for $200m in shares.

The Arvida deal has been attacked by some Disney shareholders as an attempt to make the company less appealing to outsiders, because it will mean both the issuing of extra shares and the assumption of additional debt.

Mannesmann to cut steel pipe production after profits fall

BY JAMES BUCHAN IN BONN

MANNESMANN, the West German engineering group, is to cut production of large-diameter steel pipes by a third from this autumn in a drastic response to a shrinking and difficult market.

The group, which has already announced a cut in dividend from 12 per cent to 8 per cent for 1983, saw net profits tumble last year from DM 280m to DM 96m ($35.3m). Problems with the pipe division are expected to be a burden on profitability this year, although group turnover could pick up the 15 per cent drop it suffered last year.

The misery in Mannesmann's core activity comes at a time when the group has yet to digest a set of acquisitions in electronics, data processing and telecommunications in a policy of "internal balancing of risks", according to Herr Franz Josef Weisweiler, chief executive.

Following boom years in 1981 and 1982, orders for pipe last year fell by a quarter after the collapse in the U.S. of a speculative boom in casings for oil drilling ("oil-country tubulars").

The divisions' turnover fell 23 per cent to DM 4.7bn, while production fell only 9 per cent, indicating the extent to which Mannesmann was selling under price to maintain capacity. "We could have predicted the fall last year, but not its size or the collapse in prices," Herr Weisweiler said.

Ironically, the pipe division is working now at full capacity, although largely on orders from the Soviet Union and China with weak or no earnings potential. In a climate of intense competition in foreign markets, and with new capacity in Italy and Japan, Mannesmann has decided to retrench.

This year, Mannesmann expects recovery in the two other divisions which incurred losses last year – Demag, the heavy engineering subsidiary whose 1983 turnover fell 12 per cent to DM 2.9bn; and its Brazilian operation, down 37 per cent to DM 757m largely because of currency weakness.

Group external sales in the first quarter rose 9 per cent over the first quarter of 1983 to DM 3.2bn. Group orders in the first four months were up 26 per cent.

The bright spots were Mannesmann's relatively small acquisitions outside its traditional manufacturing areas. Kienzle, the data processing company acquired in 1981, moved into profit last year two years ahead of expectation. It increased both orders and sales in the first quarter after reaching DM 1bn in turnover last year.

Rexroth, hydraulics subsidiary, and Hartmann und Braun, the maker of precision instruments, were also ahead on both fronts in the first quarter.

However, earnings in these areas still leave Mannesmann exposed to difficulties in divisions heavily dependent on export markets, pipemaking and trading.

Demag, a source of worry for years, managed to increase its order intake in the first quarter by 25 per cent (admittedly from a dismal level). Herr Weisweiler said that a restructuring process, which included a 10 per cent cut in the Demag workforce last year, was working through into profitability.

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EUROPEAN NEWS

Lock-outs spread to Hesse today

BY RUPERT CORNWELL IN BONN

EMPLOYERS IN the West German state of Hesse last night finalised plans to lock out 26,300 workers from the first shift this morning as talks seeking a solution to the country's 15-day-old engineering strike dragged on.

The lock-outs in Hesse, which would follow similar measures involving 65,000 workers in north Baden-Wuerttemberg, would affect all metal industry plants with more than 2,000 employees. They include units of groups such as Siemens, AEG, Philips and MAN.

This latest counter by employers means that about 250,000 workers in West Germany are variously on strike, locked out or otherwise made idle as a result of the campaign of IG Metall, the engineering union, for a 35-hour week.

Talks between IG Metall and Gesamtmetal, the engineering employers' association, were due to restart last night after an afternoon break, at Ludwigsburg, near Stuttgart.

But with both sides, outwardly at least, sticking obdurately to their positions, chances of a breakthrough seemed slight. Herr Ernst Eisenmann, leading the IG Metall delegation, said yesterday he was "not very optimistic."

If the dispute were to continue, the number of those laid off would escalate sharply and it's effects, worst felt in the largely stilled West German car industry, would also become more noticeable outside the country.

In the meantime, the DGB union federation is planning protest demonstrations against the new lock-outs, which should bring 75,000 workers on to the streets today.

IG Metall, for its part, will lodge an appeal against the bitterly contested ruling of the Federal Labour office, that the state need provide no short-time pay for workers laid off because of the strikes.

Peaceful welcome for Botha in Portugal

BY DIANA SMITH IN LISBON

MR P. W. BOTHA, the South African Prime Minister, *yesterday began a day and a half* of talks with Portugal's Socialist Party government on the first leg of his European tour.

He was expected to discuss with President Antonio Ramalho Eanes of Portugal and Sr Mario Soares, the *Prime Minister*, the changing situation in southern Africa after the N'komati treaty with Mozambique and the ceasefire with Angola, both former Portuguese colonies.

The Portuguese feel that, at the very least, they acted as interpreters in the run-up to N'komati. When Mr Rolof "Pik" Botha, the South African Foreign Minister, was here last year, Sr Soares and his ministers stressed the need for less conflict in Mozambique so that more Portuguese engineers, medical staff and contracted workers could work there in greater safety. They also sought measures so that power lines from the Cabora Bassa dam—built by Portugal in the 1970s, and its loan charges and maintenance still a burden on this country's Treasury—could be safer from attacks by South-African-backed guerrilla forces.

Mr Botha (right) reviews a Lisbon guard of honour with Sr Soares

Portugal has steered a delicate course between condemning apartheid as a policy and trying not to jeopardise the interests of the 700,000 Portuguese in South Africa. The sensitivity which all Portuguese parties, including those of the far left, display towards emigrants, facilitated a quiet, demonstration-free welcome to Mr Botha here yesterday.

Portugal is striving to find a role in Africa after it relinquished its colonies a decade ago. Efforts to strengthen ties with the two largest ex-colonies, Mozambique and Angola, through greater trade, supply of contracted workers and modest credit lines, have been more successful in Mozambique than in Angola.

Reuter adds from New York: A senior official of the African National Congress (ANC), the main guerrilla group fighting to end white minority rule in South Africa, said here that Mr Botha's European tour was aimed to gain endorsements for apartheid.

Mr Mfamafuthi Makatini said the Prime Minister was desperately trying to secure "endorsements for on-going manoeuvres aimed at further entrenchment of the apartheid systems. But all his measures are doomed to failure and can only result in increasing and broadening support for the ANC's struggle."

Mr Makatini was speaking after a meeting with Sr Jaime Gama, the Portuguese Foreign Minister.

Mr Botha's trip will also take him to Britain, West Germany, France, Austria, Italy, Switzerland and Belgium.

● Danish shipowners yesterday reacted angrily to restrictions placed on trade with South Africa by Parliament, writes Hilary Barnes. These include instructions to the Government to inform shipowners that trade with South Africa is incompatible with Danish foreign policy.

"We regard this unilateral decision as a serious obstacle to Danish shipping," he said.

Irish get balance of payments gap wrong

By David Davin Power in Dublin

THE IRISH Government's economic strategists are assessing the damage done to their policy assumptions by the revelation that the country's foreign payments deficit has been hugely under-estimated for the last five years.

The shortfall—which means that last year's deficit was, in fact, I£683m (£702m) and not I£350m— is due to the Central *Statistics Office having failed to* question foreign companies operating in the republic closely about the profits they repatriate.

The companies concerned are all in the high-technology sector, on which much hope of an Irish industrial recovery are based. These companies repatriated more than I£500m in profits that did not appear in the national accounts. This figure has now led to the dramatic upward revision of the balance of payments deficit.

The revelations, which came as no surprise to economists, are a considerable embarrassment to the coalition government, which had pointed to its success in reducing the deficit to 2.5 per cent of the GNP last year.

Now they must reconcile themselves to 6.5 per cent, and will have to withstand strong protests from trade unions, which will point to the level of repatriated profit as evidence of a lack of official control over the activities of foreign companies.

A resultant strong pressure for wage rises in the successful high-technology sector might wreck hopes of pay restraint in the remainder of 1984.

The disclosures will also lead to questions being asked of the Industrial Development Authority's practice of placing heavy reliance on foreign micro-technology manufacturers to stimulate growth and employment. The IDA has attracted key companies to Ireland, and has reacted to news of the I£500m discrepancy by saying that it reflected growth in this sector.

Craxi coalition halts bickering until after European elections

BY JAMES BUXTON IN ROME

AFTER nearly three weeks of ferocious public bickering, the five parties in Sig Bettino Craxi's coalition government in Italy appear to have agreed to control their differences sufficiently to keep the Government in being until after the European elections on June 17.

What one newspaper yesterday called an "armed truce" between the ruling parties was always likely, in view of the sheer inconvenience of having a government crisis in the *midst of the election campaign.*

Nevertheless, the intensifying exchange of insults in the past weeks has made even more *important the review of the* 10-month-old government that Sig Craxi has said will be held after the elections.

Although much depends on how the individual parties fare in the elections, the Craxi government seems unlikely to continue in its present form.

There could be at least a cabinet reshuffle, and it is possible that the government will fall—even if to be succeeded by another administration under the socialist Sig Craxi.

The chief cause of the tension of the past weeks is the issue of the P2 masonic lodge. The leaked report of a parliamentary commission appeared to confirm the membership in the lodge—officially dissolved in 1981—of Sig Pietro Longo, leader of the small Social Democrat Party and *Minister of the* Budget.

Sig Craxi would not accept Sig Longo's proffered resignation, *hoping at least to delay* the issue until the commission's definitive report comes out in July. But the Republican Party, in particular, has shown its unease at Sig Longo remaining in the government.

Over the weekend, the Social Democratic Party newspaper, in a crude attack on Sig Giovanni Spadolini, the Republican Party leader and former prime minister, alleged that he had shown fascist sympathies in newspaper articles he wrote in 1944.

Deft manoeuvres by senior political figures including President Sancro Pertini and Sig Craxi were needed to smooth over the ensuing row, at least for the moment.

Sig Craxi is hoping that the electorate in the European elections will reward his prime *ministership by giving the* Socialist Party a big increase in its share of the vote, which was only 11.4 per cent in the *general election last summer.*

The other parties are afraid that this might happen and thus accentuate the disruption of a long-standing political equilibrium caused by Sig Craxi's prime ministership and which brought about the unrestrained opposition of the Communists.

Norway intervenes to halt civil service strike

BY FAY GJESTER IN OSLO

NORWAY'S GOVERNMENT intervened yesterday to halt an escalating dispute by civil service and local government employees.

The two strikes, which started last week, were being gradually stepped up and from midnight last night the civil service stoppages would have paralysed all rail services and most air traffic as well as taking most TV and radio programmes off the air.

Local government employees were planning to call out additional union members from the weekend, hitting services such as refuse collection and public transport. Some of their members had been on strike since last Friday, leaving parking meters unguarded, cinemas closed, and power stations shut down in certain areas.

The Government has stopped both conflicts by referring them to arbitration by the state wages board. It is entitled to do this if a dispute becomes so widespread as to affect the national interest.

Spain rejects EEC fishing proposals

By Tom Burns in Madrid

SPANISH OFFICIALS yesterday termed EEC proposals on the future of Spanish fishing within the Community as "utterly unacceptable." These include an initial, and renewable, 10-year transition period ban on Spanish fishing in Community waters after Spain joins the EEC.

Sr Manuel Marin, Spain's Secretary of State for European Community relations, said the terms on fishing proposed by Brussels were "of such extraordinary toughness that they can only achieve an outright Spanish rejection."

Sr Marin had a 20-minute, reportedly abrupt meeting in Brussels on Monday with Community negotiators, who informed him of the proposals. He said that the official Spanish response to the terms would be explained to the European Commission when the Community ministers met on June 19.

The officials said they held out hopes that the EEC position on fishing was coloured by the European elections and that they would be less tough after the vote. "The proposals are simply not realistic," one senior official said.

Aside from the transition period ban, the proposal also excludes Spain from playing any rôle in the framing of Europe's future common fishing policy, which is scheduled for 1992.

Spain, on current enlargement timing, hopes to complete entry negotiations in September and become a Community member in January 1986.

Further proposals, contested by Madrid, concern a 25 per cent cut in the catch of Spain's fishing fleet, and an increase in fish imports by Spain from the Community.

M. Michel Rocard

E. Europe states to keep ties with West

By Leslie Colitt in Berlin

EAST GERMANY and Hungary, the most active among Warsaw Pact countries in their contacts with the West, have indicated that they intend to continue this policy, despite worsening relations between Washington and Moscow.

West German officials have expressed concern that the Soviet Union may be preparing to drop its goodwill towards Bonn. The Soviet media have been sharply criticising West Germany for an alleged revival of revanchism and Mr Andrei Gromyko, the Soviet Foreign Minister, gave a cool welcome to Herr Hans-Dietrich Genscher, the West German Foreign Minister, during his recent visit to Moscow.

East Germany, however, has elevated to the ruling Politburo its senior official responsible for relations with West Germany since the early 1970s, Herr Herbert Haeber. In an address to the Central Committee of the Communist Party, he said East Germany's policy to improve relations with the West was "correct and worthwhile.' It was now up to Bonn to limit those factors which threaten to undermine their improved relations, he added.

Herr Haeber joined the Politburo, without the normal step of first becoming a non-voting candidate, together with three other officials close to Herr Erich Honecker, the East German President. Herr Haeber is a regular visitor to Bonn and meets virtually every West German politician of note who comes to East Berlin.

Mr Gyula Horn, head of the Foreign Affairs Department, of the Hungarian Communist Party's Central Committee, said on Budapest television that "Hungary will continue, with unchanged intensity," its close ...acts with Western ...ians. He said Hungary's foreign policy towards ...est was conducted in ...nation" with the other Pa...

Nato ministers assess prospects for dialogue

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN WASHINGTON

NATO FOREIGN ministers began a three-day meeting here yesterday afternoon to discuss the prospects of a more constructive dialogue with the Soviet bloc despite the deterioration in East-West relations.

Dr Joseph Luns, the retiring Secretary-General, said that Nato was still offering its co-operation and dialogue to the Warsaw Pact.

The ministers are expected to endorse a review of East-West relations—the first by Nato for nearly 15 years—which they commissioned last December. There are suggestions here that there are differences between the U.S. and its European allies, particularly West Germany, over the emphasis to be given to the review's findings in the formal communique at the end of the meeting tomorrow.

The West Germans would like a separate "Declaration of Washington" which emphasises Nato's desire for deepened dialogue and refers to the success of detente in the 1970s. The U.S. apparently wants a tougher statement.

Centrepiece of the meeting is a "super-restricted" session at a country house in Maryland. The U.S. hosts are keen that it should be informal and allow ministers to get away from set speeches.

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Comecon summit on June 12

MOSCOW — 'Comecon leaders will bein their summit meeting on June 12, a Soviet official announced yesterday.

The summit, the first for 13 years, will take place in Moscow and will be President Konstantin Chernenko's first since he took office this year.

There have been reports that a preparatory meeting would start on June 7, but the Soviet official, who did not want to be identified, said he had no information on it.

Prime Ministers of the Comecon states met in East Berlin last autumn and discussed the long-postponed summit.

East Germany, Poland, Hungary, Czechoslovakia, Bulgaria, Romania, Cuba, Mongolia and Vietnam are the full members. Yugoslavia is an associate member. Laos, Mozambique, Ethiopia, Afghanistan, South Yemen, Nicaragua and Angola have attended Comecon meetings as observers.

The Soviet Union has stressed the importance of Comecon states having integrated, long-range economic plans to cushion members against such adverse developments as higher costs of fuel, energy and raw materials. Western trade sanctions against the Soviet Union and Poland have been cited as proof of the need for more self-reliance, as well as co cooperation, among the members.

The summit comes at a time of heightened east-west tensions, and the economic effects of the arms race are expected to be a factor in the talks.

AP

Cabinet dispute delays Dutch decision on cruise

BY WALTER ELLIS IN AMSTERDAM

INCREASING confusion has developed over the shape of the Dutch Government's likely decision next month on the proposed deployment of cruise missiles in the Netherlands.

A variety of alternatives to straightforward deployment has been advanced by the internally-split Christian Democrat wing of the Cabinet, but all have failed to find favour with the Liberal side, which is continuing to demand unwavering acceptance of all 48 missiles.

The Liberals, with six ministers to the Christian Democrats' eight, are pessimistic about the outcome of a key Cabinet session on cruise, scheduled for the second week in June. A party official said that a meeting over the weekend of Mr Ruud Lubbers, the Christian Democrat Prime Minister, and Mr Ed Nijpels, the Liberal leader, had not moved the Prime Minister towards the Liberal point of view.

Mr Lubbers has said that his fears about a possible Cabinet collapse over the issue had subsided. Ministers knew that a tough decision lay ahead, but they were determined to take it before the end of June, as planned.

Polish advisory groups clash on farm prices

By Christopher Bobinski in Warsaw

TWO GROUPS of Polish government advisers have clashed over farm prices policy in a dispute with important political implication in view of the continuing shortages of meat and a population notably resistant to food price rises.

The Government is to review farm prices on July 1. Any increase decided then entails a growth in food industry subsidiaries and the prospect of consumer food price rises which General Wojciech Jaruzelski, the country's military leader, has recently denied are imminent.

The rof between the advisers broke into public view when the Government's Consultative Economic Council (KRG) warned in a report that present price policy was inflationary. Prices paid to farmers, 80 per cent of whom own their land, was encouraging lower ouput and inefficient use of resources.

In reply, the Food Economy Council came back with a warning that any cut in farmers' incomes could only lead to a fall in production and not the reverse as suggested by the KRG. It blamed inflation on the growth of incomes outside farming.

It was supported by the Farm Minister, Mr Stanislaw ZIEBA, who called the KRG report "harmful."

The Food Economy Council defended the principle of parity of incomes between industry and farming, which was promised to farmers in 1981.

Average farming incomes in 1980 were 12 per cent less than in industry. They rose to 11 per cent above in 1982 but fell to 6 per cent below last year.

National aids help to ease the pain of milk quota cuts

BY IVO DAWNAY IN BRUSSELS

EEC dairy farmers do more than cry over spilt milk as the Community's farm ministers have learnt to their cost this month.

The furious reaction to the lower milk quotas that brought 35,000 demonstrators to their informal meeting in Angers, west France, has already been witnessed by most ministers at home.

Mr Michael Jopling, the British minister, first learnt the politics of seige in Wales last week where he was trapped for two hours by angry farmers in a village hall.

M Michel Rocard, the French architect of the 6 per cent production cut, is followed everywhere by dairy farmers dubbing him a traitor to the country.

Mr Gerrat Braks, the Dutch Minister, has been rechristened Father Christmas for giving away milk for free. While, more ominously, Bavarian and Italian farmers have threatened a mass boycott of next month's European parliamentary elections.

It is this electoral dimension, the more cynical farmers argue, that has persuaded several governments to face up to the crisis with hard cash.

Last week alone, the British, French and West Germans announced gengerous national aids to help ease the pain of the new quota levels being distributed to producers this month. Similar action is said to be under consideration by several other member states.

The most generous package has come from Bonn where DM 2bn (£526m) in returned VAT payments is now to be allowed to producers of all farm products from the beginning of July to compensate for the dismantlement of border subsidies paid to farmers prior to the March farm deal.

However, this looks set to be challenged both by the Commission and the UK which claim that Bonn's 5 percentage point cut in the normal 14 per cent tax on food is too high, premature and, in addition, amounts to an unfair subsidy.

France also chose last week to unveil a comprehensive package of measures, worth FFr 975m (£84m). These include special schemes for encouraging older farmers to retire and a large programme of incentives to persuade others to abandon dairy production.

By these standards, Mr Jopling's £50m reserve fund aimed at small producers looks also ungenerous. Nevertheless, the allocation, aimed at weeding out small producers and passing their quotas to those without alternative ways of earning a living, appears unprecedented for Britain.

Philips to market VHS recorders

By Walter Ellis in Amsterdam

PHILIPS, the Dutch electronics group, is to market VHS format video cassette recorders (VCRs) throughout western Europe from the autumn as rivals to its own V2000 system.

This acceptance of the popular Japanese format in the heartland of Philips' production, could spell the end for V2000.

At the end of March, Mr Cees van der Klugt, vice-president of Philips, said that VHS machines would be intended in Europe for the UK market only, which has long since opted for VHS. The V2000 model, he said, would remain the sole Philips standard in the rest of western Europe.

News that this is no longer the case is another setback in Philips' long fight to secure a European VCR standard. It also means that, at best, V2000 has but a limited future.

Bankruptcy law: Socialist France puts on a human face

Paul Betts explains why new legislation has had an easy ride through Parliament

M. ROBERT BADINTER, the reformist French Socialist Minister of Justice, is pushing new legislation through parliament to give what he calls "a breath of humanity" to the French bankruptcy laws.

In sharp contrast to his other landmark legal designs such as the abolition of the death penalty and the introduction of a form of habeas corpus, M Badinter has won wide political consensus for this idea. Bank...s have inevitably expressed ...xieties that the legislation ...ld make it harder to get ...r money back when a company goes bust and bankruptcy ...vers are not surprisingly up ...ns since their profession ...sappear after the reform. ...he first three parts of ...islation have already ...hrough the National ... the fourth is likely ...oved before the end ... and the reform is ... come into effect by ...t year. The Right-wing opposition parties have given their tacit approval by abstaining on the voting on the issue.

Nearly everyone in France, including the previous administration of former Prime Minister Raymond Barre, seems to agree with M Badinter that the bankruptcy laws are themselves bankrupt.

Since the early 1970s, bankruptcies have been rising steadily in France. The number in small and medium sized enterprises, which constitute *the great majority of cases*, has risen more quickly than the number of similar enterprises being created. In 1983 bankruptcies of small and medium-sized concerns grew by 10.2 per cent over 1982 while new enterprises increased by only 3.3 per cent.

A total of 22,708 companies went bankrupt in France last year, double the number a decade ago and triple 20 years ago and the rate has not abated this year.

The Government believes the existing legislation is no longer suited to today's economic environment. Under the current system it takes an average of between two and four years of complex legal procedure to settle a bankruptcy case. Nine out of ten cases are resolved by liquidating the troubled enterprise, rather than solving its problems.

The new emphasis will be on helping companies in difficulties, at a time of heavy and increasing unemployment.

The first part of the legislation consists of a series of measures to try to prevent a company from filing for bankruptcy. These range from improved and more regular reporting practices of company accounts to tighter auditing standards and requirements. The idea is to help identify a corporate crisis before it is too late. An informal procedure is also introduced to enable a company and its creditors to try to work out an out-of-court solution before being forced to make a formal bankruptcy filing.

The second and third parts of the new system are designed to shorten, simplify and rationalise the existing bankruptcy procedures as well as doing away with the bankruptcy receivers and replacing them with a new breed of officials.

The streamlined procedure involves two stages. The first is a two-month period of observation to establish a full picture of a company's situation and prospects and to devise a recovery or restructuring plan. The second stage involves the execution of the recovery plan or, if all else fails, liquidation. For small companies employing up to 50 people M Badinter has introduced an even more simple and swift procedure.

The chief executive of a company is now able to take part in working out a recovery plan, and M Badinter has abolished the controversial article 99 of the existing legislation which places a presumption of guilt on the chief executive of a failed company.

This article has inhibited many businessmen from filing for bankruptcy at an early stage, because of fears of possible criminal prosecution. In turn, this has often meant that by the time a company comes before a court it is too late to work out a credible recovery or reorganisation plan.

The banks have criticised the proposal to give ailing companies' employees a greater say in a bankruptcy filing. But they are pleased about a plan to encourage people to lend fresh money to help finance recovery. Such new loans would be given priority treatment by the bankruptcy court in the event of liquidation.

The third part of the reform, doing away with bankruptcy receivers, replaces them with three different types of officials. The receivers were responsible for all aspects of a bankruptcy filing, from organising a recovery plan to the eventual liquidation of a company's assets. M Badinter felt this could lead to conflicts of interest and has split up the various functions.

A judicial administrator will now be in charge of managing or assisting in the management of assets in a bankruptcy case. A judicial expert will advise on restructuring and recovery plans for enterprises in trouble and prepare reports on its economic and financial situation. The third new category of official will be responsible for the supervision of an eventual liquidation and disposal of assets.

The last and fourth part of the reform, which still has to be approved by the cabinet and parliament, involves the structure of the bankruptcy courts. This section should also win approval with relative ease.

M. Badinter . . . wins political consensus

Throughout the process of drawing up the new legislation, M Badinter and the Socialist Government have been open to amendments and changes to their original proposals. This has inevitably watered down the reforms, *but it has also meant* easy passage.

EUROPEAN ELECTION

UK parties in search of poll issues

By Peter Riddell, Political Editor

THE CAMPAIGN in Britain has spluttered into its second full week with the main parties still looking for themes and issues which can be sustained for more than a morning's news conference.

The Conservatives yesterday challeneged Labour candidates to say whether they intended to stay in the EEC and they attacked the alleged frivolity of the Labour campaign. Labour spokesmen concentrated on employment issues, while the Alliance offered a message of "hope" for Europe.

Mr John Selwyn Gummer, the Conservative chairman, yesterday said that from public statements so far only six out of the 78 Labour candidates wanted Britain to remain a member of the EEC.

Labour has so far defused this issue by sticking to its policy agreed last October that the question of withdrawal cannot arise until after the next general election when it would only be one among a number of options depending on the position then.

Mr Gummer also attacked last night's party political broadcast featuring the actress Prunella Scales.

On the same theme, Dr David Owen, the SDP leader, dismissed the Labour campaign as a "song and dance act."

Some Labour leaders are privately worried about this point and believe that Mr Neil Kinnock, the party leader, has become involved in too many gimmicky promotions.

The parties clashed yesterday on employment. Stressing the pro-EEC aspects of Labour's approach, Mr Roy Hattersley argued that a Labour Government would "put our country back to work much more quickly if we are part of a Socialist Europe committed to the expansion of the whole European economy."

Mr Tom King, the Employment Secretary, claimed that 2.25m existing jobs in Britain depended on trade with the EEC. It later emerged that this figure reflected the proportion of Britain's exports going to the EEC and Mr Gummer admitted that not all the jobs would be lost after withdrawal.

Lorraine: Caught in the eye of the storm that has swept through Europe's smoke-stack industries

Steel closures will dominate poll

LORRAINE still wears the scars of its recent battles. Beside the motorway leading into Longwy lie the giant steel coils with which angry steel workers blocked traffic after the French Government announced fresh closures in the industry at the end of March.

In the centre of the town, a thick cement barricade is being put up outside the Bank of France building to prevent a further invasion by rioters who have already daubed its façade with such slogans as "No to capitalists in the government."

Among the steelworkers there is still incomprehension that a government of the Left which three years ago was promising to boost steel production, has now decided to cut back a further 20,000 jobs in Lorraine.

At Gandrange in the valley of the Fensch, where 9,000 jobs are now at risk, officials of the pro-Socialist CFDT union have already printed protest cards to place in ballot boxes when the French vote in the European elections on June 17 as a way of giving a sharper political edge to their abstention.

"The steel closures will be at the heart of the campaign," says M Roland Favaro; who heads the Communist list in the region.

In the rivalry between the Communists and Socialists, which is one of the major domestic factors in the election, the Communists hope to rob the Socialists of support by proclaiming their opposition to the steel plan.

But, notwithstanding the rhetoric, anger is slowly giving way to resigned acquiescence. To the surprise of most local politicians the Left retained control of the municipality of Thionville — only a stone's throw from Gandrange in a by-election on May 20.

"Everyone is tired of the (steel) conflict," says Senator Jean-Marie Rausch, President of the regional council and the most prominent opposition politician in Lorraine.

The truth is also that the opposition finds itself embarrassed in criticising closures that it initiated during the mid- and late 1970s when in power under President Giscard d'Estaing.

Mme Simone Veil, who heads the opposition list for the European elections, has said that the closures are in the right direction.

As a result of that piece of apolitical honesty, the opposition have decided against holding a rally for her in Lorraine but are offering her a dinner for 200 in Metz.

In the crisis that has struck Europe's smoke-stack industries, whose wealth has been built around steel and coal, Lorraine now feels itself at the eye of the storm. It is part of the troubled industrial belt that spreads into neighbouring Luxembourg, Germany and Belgium.

It has already shed 60,000 jobs in the last eight years, and expects that the 20,000 now to go in steel will have a ripple effect through the coal sector and the engineering industries that have lived off steel.

It is losing population at the rate of 13,000 a year, faster than any other region in France.

The pain has been that much more acute in that much of Lorraine was a latecomer to the Industrial Revolution. The giant steel works that hug the valley of the Fensch date only from the high point of French economic expansion in the 1960s.

At that period, the steelmasters of Lorraine were stretching their hands across Europe to gather in workers from Italy, the French Midi and Brittany to what was billed as the "Texas" of France.

Lorraine's population was estimated then to rise to 3.5m by 1985. Now it is 2.3m and diminishing as the migrants head back home.

Lorraine is still a microcosm of Europe's contradictory blend of shared history and of nationalist rivalries — with the anomalies these bring.

A great many people speak both French and German and the architecture of towns such as Metz and Nancy is influenced by both cultures.

Some 20,000-22,000 Frenchmen cross the border each day to work in West Germany or Luxembourg. But varying customs and price levels mean that the French step into Luxembourg to buy their petrol and drink, while the West Germans come to France for food and clothing.

Proximity has forced some co-operation at a regional level between the countries which straddle this crossroads. Luxembourg, Lorraine and the Saar have joint commissions to co-ordinate policies over roads, pollution and ecology.

Senator Rausch, as Mayor of Metz, is promoting Lorraine as a European electronic centre. The development is important in helping Lorraine turn over a fresh page and shed its image of a decaying smoke-stack region.

Traditionally, Lorraine has voted to the centre or the right. The pattern began to change in the 1960s as the steel and coal industries expanded and the Communists gained a foothold in towns such as Longwy.

In the European elections, the joint RPR-UDF opposition list is presenting the vote as a chance to censure President Mitterrand's administration.

Locally, as nationally, they hope to pick up votes as a result of grievances over failed promises, declining purchasing power and the private schools controversy.

But as much as a government-opposition tussle, the election is also a test of strength between Communists and Socialists to determine the balance of forces on the Left.

The Socialists kick off the campaign in an uneasy position because four of the Socialist deputies in Lorraine resigned from the Socialist group in the National Assembly in protest against the steel closures.

The Communists are hoping to cash in on their attacks on the government's more unpopular policies to strengthen their share of the vote.

"If we can obtain 15 per cent of the votes, while the Socialists get only 23 per cent," says M Favaro, "then we will have considerably narrowed the gap between the two parties."

David Housego

Campaign organised from jail

By Hillary Barnes in Copenhagen

DENMARK'S ANTI-TAX Progress Party presented its television election programme for the European campaign last night without the participation of the top candidate on its list, Mr Mogens Glistrup.

He is serving a three-year prison sentence for tax frauds and the prison governor has refused to give him leave of absence to take part in the election campaign.

At the last election in 1979, the Progress Party's Mr Kai Lind won one of Denmark's 16 seats in the Strasbourg assembly. He subsequently resigned, however, and is not standing again

If Mr Glistrup is elected, the Folketing (Danish Parliament) is certain to declare his election void on the grounds that he is not a fit person to take his seat.

Although Mr Glistrup was absent from last night's television presentation, there was no mistaking his hand behind the election appeal.

"It is dangerous to elect the super-Europeans who don't care if Danes have to pay two or three times as big a VAT contribution in the next few years to finance all the paper acrobatics which the EEC is so good at inventing," it declared.

A vote for the Progress Party, it concluded, "will stop the EEC tax screw, fight the paper-pushing and strengthen a free agriculture, free fisheries and free business."

SHEFFIELD: RECRIMINATIONS OVER INDUSTRIAL DECLINE

'Pavement politicians' wave red flag at businessmen

A WOMAN with tightly curled brown hair shook an empty cardboard box at the Conservative candidate for the Sheffield European constituency. Sheffield has been a Labour stronghold for years, so any Tory standing in front of a supermarket has to expect some abuse.

But the angry words hurled by the women were not what Mr David Grayson had expected. "Until they get that lot out of Town Hall, it is no use. They all want shooting. It is a Red city. It is no use."

Sheffield is not a Red city, but it is a sharply divided city. The divisions have grown out of feelings of anger and mourning over the demise of the Sheffield steel industry, a collapse which has helped to make an unemployment rate of around 20 per cent, with some 45,000 local people now on the dole.

The two sides blame each other for the collapse. Translated into polite terms, the two arguments boil down as follows: local government leaders say that industry failed to make the necessary investments to keep Sheffield competitive. Local businessmen point the finger at labour, saying that high wages and high manning levels made them unproductive in the world marketplace. Both sides blame the government for lack of support.

This debate continues as both sides aim to improve Sheffield's lot. Amid this, the European elections emerge as a very small football. Even so, it is one which more than a few locals are willing to kick.

To Mr Bob Cryer, Sheffield's Labour candidate for the European Parliament, the EEC was another major reason for Sheffield's collapse. He has been opposed to Britain's membership of the EEC since the start and says that it has been a "disaster for Britain" as well as Sheffield. He says that other members have not played fairly on steel capacity cuts, to the detriment of Sheffield workers.

Mr Cryer is a tall, friendly politician with the polished manner of a man who spent nine and a-half years at Westminster until he lost his seat in the last general election. Despite his opposition to Britain's EEC membership he disputes critics' claims that he is only filling in time until a suitable by-election comes up.

He sees the race as a chance to prove Labour's increasing popularity over the Conservatives nationally. "We need to be successful, to be ready for the next onslaught of the Tories. This is really part of the continuing struggle of the labour movement," he says.

In Sheffield, Labour has been successful for years. But beginning around six or seven years ago, the moderate Labour party leaders on the council were gradually unseated by a group of young activists anxious to bring more community and social services to Sheffield.

Called "pavement politicians" by grudging admirers from the opposition both within and without their party, these councillors supported a popular cheap bus service for Sheffield, increased programmes for the poor and aged, stepped up leisure events and grants for small local businessmen. To sponsor the new programmes—similarly to their political cousins in the Greater London Council—the Sheffield council raised rates (local property taxes) throughout the city.

Local businessmen are incensed, believing that the increased rates keep new businesses away and prevent expansion. But their reactions have not yet been channelled into a strong political opposition.

"Businessmen in Sheffield have not realised that David Blunkett (leader of the Council) does not recognise them as anything other than opponents, whether they are quiet or aggressive makes no difference to him. But they still keep their head down," says Mr David Grayson, the Tory's 29-year-old candidate for Strasbourg parliament.

Those who do speak up serve to further underline the wide gap between the two camps in Sheffield. Mr Hugh Neill, president of the local Chamber of Commerce and chairman of Neill Group local engineering tools firm, points to the Red flag, flown from the Town hall on May Day, an example of the Council's harm to the city. Asked for more examples, the well-dressed Mr Neill says: "They have a mandate to extend municipal socialism. They have a desire to interfere with industry, to put employees on management boards, that kind of thing."

This distaste for each other's policies has meant that Sheffield has yet to produce a single pamphlet on the various attractions of the city for investors, not the least of which is its skilled workforce and good infrastructure.

"Yes, we were famous for steel. But now we have got to attract new businesses. Too many people here want the past," says Mr Bev Stokes, chairman of Bassett Foods which belts out Licorie All-Sorts from its Sheffield factory.

Britain's entry into the Common Market meant that Bassett's sugar prices have climbed steeply: the local council's policies have meant higher property taxes. But the group has more than compensated, he says, by pushing up exports. These now account for around 20 per cent of sales, compared to 10 per cent five years ago.

"The blame for Sheffield's problems has to be spread right across the spectrum. I believe that management has to succeed in the given environment. People bleat, but the government here, and Mrs Thatcher's government, were democratically elected."

Carla Rapoport

Small rise in turnout forecast

By John Wyles in Brussels

TURNOUT IN next month's elections may be slightly higher than in 1979 although participation in Britain and Denmark could again be significantly lower than elsewhere, according to the latest polls conducted by Eurobarometre, the European Commission's in-house pollster.

Soundings taken in April reveal a predictably bizarre mixture of attitudes across the Community both to the EEC and its election.

In general among the Ten, support for European unification and favourable judgments on EEC membership have both fallen slightly over the past six months.

Curiously, 75 per cent said they had recently heard something about the European Parliament but only 29 per cent were able to connect what they had heard with the election.

According to Eurobarometre's reading of voting intentions, turnout in the UK will be 36 per cent (32.6 per cent in 1979), and 55 per cent in Denmark (46.8 per cent). Ireland and Italy are forecast to suffer the biggest drops in voting, the former from 63.6 per cent to 55 per cent and the latter from 85.5 per cent to 76 per cent.

Elsewhere, Belgium and Luxembourg, where voting is compulsory, are expected to register 90-92 per cent (91.3 per cent) and 88-90 per cent (88.9 per cent). West Germany is forecast to rise from 65.9 per cent to 67 per cent, France from 60.7 per cent to 73 per cent and the Netherlands from 57.8 per cent to 64 per cent.

Turnout in Greece, which did not belong to the Community in 1979, is predicted to be 81 per cent.

In most countries, a majority of those who said they would vote explained it in terms of democratic duty.

The most common explanation for intended abstention was that a European election was not worth the effort.

AMERICAN NEWS

U.S.-Canada relations 'set to improve' post Trudeau

By Bernard Simon in Toronto

RELATIONS between the Reagan Administration and Canada will almost certainly improve after Prime Minister Pierre Trudeau leaves office next month, according to Mr Paul Robinson, the U.S. Ambassador to Ottawa.

The ambassador's remarks reflect widely held expectations among businessmen, especially foreign investors, of more receptive policies under a post-Trudeau Government.

Mr John Stoik, president of Gulf Canada, a subsidiary of Gulf Oil of the U.S., forecast earlier this week that Canada's controversial national energy programme (NEP), which aims to increase domestic ownership of oil and gas deposits, will be significantly revised after the next federal election, no matter which party wins.

The NEP and other efforts by the Trudeau Government to increase Canada's economic independence have at times strained relations with the U.S. The Reagan Administration has also been irritated by Mr Trudeau's high profile "peace missions" to reduce superpower tensions.

Elections are due to be held in Canada before next February. A precise date will probably be fixed soon after the ruling Liberal Party chooses a new leader, and thus a new Prime Minister, at a convention on June 16.

According to Mr Robinson, closer U.S.-Canada ties are likely whether the election is won by the Liberals or the opposition Progressive Conservative Party. He said that the two leading contenders for the Liberal leadership, Mr John Turner, the former Finance Minister and Mr Jean Chretien, and Mr Brian Mulroney, the leader of the opposition, all "have an honest understanding of business and the realities of this world . . . like defence, and the future of our relationship cannot help but improve."

Mr Robinson said that the rate of increase in Canada's defence spending is "bound" to increase under the next government, particularly if it is a conservative one.

Meanwhile, an opinion poll published yesterday indicates that the Conservative Party still leads the Liberals, but confirms that the gap between the two is steadily shrinking.

Hugh O'Shaughnessy reports on a revival of activity after last year's U.S. invasion

Grenada on the runway to a new political life

LIKE AN accident victim slowly regaining consciousness, Grenada is returning to political normality. After the momentous events of last October, the crisis within the Left-wing Government, the arrest and murder of Mr Maurice Bishop, the Prime Minister, and the subsequent U.S. invasion, Grenadians turned their backs on politicians.

Now, the feeling of helplessness is wearing off, and parties and aspiring leaders have been jockeying for position in advance of the elections which Sir Paul Scoon, the Governor-General, has promised before the end of the year. Conversely, the interim administration provided by Sir Paul and his Advisory Council has been showing signs of weariness at the thankless task of running the island without the benefit of explicit public support.

Gen Hudson Austin (left) and Mr Bernard Coard . . . two of the problems for Sir Paul Scoon (right)

Airport provides dynamism

Despite a continuing U.S. presence and Washington's firm political backing, it has been an austere year for the small island of 110,000 people. The 1984-85 budget just introduced by the Council shows a reduction of 17 per cent in expenditure to $78m from last year's level of $94.2m.

Mr Nicholas Braithwaite, chairman of the Advisory Council, announced at the weekend that Grenada is not pursuing its bid to have a $14.1m loan from the International Monetary Fund which was suspended at the time ofthe invasion, reinstated.

Ironically, it is the much needed but much criticised international airports which is continuing to provide jobs and dynamism for the economy, as it did under the Left-wing régime of the late Mr Maurice Bishop. The airport is being completed with U.S. help and is due to be inaugurated by President Ronald Reagan on or about the first anniversary of the invasion, according to contractors.

The American Morrison-Knudsen company is completing the building and civil works started by the Cubans, while Plessey of Britain will finish the electronic and other technical tasks. The Plessey contract, now worth about £9m, includes about £1m to cover damage caused during the fighting last year. With luck, the airport should unlock the potential for tourism on this breathtakingly beautiful island.

As the task at Point Salines Airport is being completed, Sir Paul is embroiled in two worrisome wrangles. The first concerns the fate of the island's official records, which were shipped out by U.S. troops within days of the invasion and which Washington is intending to deposit in an open archive and to publish in part.

The documents being sifted by the Reagan Administration include confidential ones relating to Mr Bishop's New Jewel Movement Government. The Grenadian interim administration has demanded their return from the U.S. Government, which sees in their publication an outstanding opportunity of making political capital at the expense of the Grenadian Left.

No less bothersome is the argument over the fate of Mr Bernard Coard, Mr Bishop's former deputy, Gen Hudson Austin, leader of the shortlived Revolutionary Military Council which took power after Mr Bishop's murder, and a dozen other Left-wing political figures who have been detained since the invasion.

They are now being charged, but defence lawyers are arguing that Sir Paul and his council have no authority to make them stand trial. The lawyers' arguments raise thorny legal questions about the precise standing and powers of the interim administration.

The advent of TNT, a new party grouping, has meanwhile made political life—metaphorically at least—more explosive. The Team for National Togetherness seems likely to do best in the forthcoming elections. Its base is the old-established middle of the road Grenada National Party of former Premier Herbert Blaize.

It also includes the more conservative Grenada Democratic Movement of Mr Francis Alexis, who is reported to have strong U.S. contacts, and the National Democratic Movement of Mr George Brizan who was once an associate of the late Mr Bishop. Despite Mr Blaize's age and health problems, TNT is likely to do much better than the Grenada United Labour Party, the vehicle of Sir Eric Gairy.

Mr Gairy, the stormy petrel of Grenadian politics, was ousted by Mr Bishop's NJM in March 1979, but returned to the island in January this year clearly eager to resume a political career. Despite the clear evidence of gross misconduct given by an official court of inquiry into his period as Prime Minister, he retains some loyalty among older Grenadians.

Supporters of the old NJM are surveying the conditions for a relaunch of the party on Democratic Socialist lines, free of Mr Coard. Three former NJM Ministers, Mr George Louison, Mr Kendrick Radix, and Mr Lyden Ramdhanny, together with Mr Fennis Augustine, former Grenadian High Commissioner in London, have been backing the establishment of a foundation for the late leader.

Set up in St George's the island's capital, the foundation includes a small museum and archive. Its success will give a pointer to how revamped Left-wing policies will be received by Grenadian voters.

U.S. troops still on the island

Three hundred U.S. troops remain on Grenada, with detachments of police and soldiers from the Caribbean islands whose governments collaborated in the October invasion. Britain is playing a big part in training the police force, which should be able to take on security responsibilities after the foreign troops quit the island early next year.

For its part, the Reagan Administration is likely to keep the island very much in its sights. As the President's projected visit to Grenada indicates, he will be wanting to present last year's invasion of the island as one of the high points of his first term of office.

Regan call for governments to limit debt role

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

GOVERNMENTS should stay out of future international debt negotiations and allow new agreements to be reached between debtor countries and the commercial banks, Mr Donald Regan, the U.S. Treasury Secretary, said yesterday. Governments could offer general guide-lines, but should play no more than an "oversight" role unless a crisis prompted their intervention, he said.

Heads of government at next month's seven nation London economic summit should indicate their "sensitivity" on the debt problem, but should not get into specifics, or pre-empt negotiations that should be conducted by the banks, Mr Regan said. If governments were to insist on solutions and losses were incurred, "who would pick up the losses, the governments or the private banks?" he asked.

Mr Regan said that the U.S. delegation in London would reassure the other summit countries that the U.S. regulatory agencies were keeping a very sharp eye on the U.S. banking system and would see that the system as a whole would not be "shaken." "That is not to say that individual banks may not have to merge or be merged," he added.

The U.S. was as "upset" as its partners over high interest rates, which were likely to "overshadow" the summit, Mr Regan said. He acknowledged that there was still a widespread fear that the U.S. would monetise its deficit in an inflationary manner. Rates would start coming down, however, as the markets became more reassured by the Administration's restrained fiscal and monetary policies and inflation fears subsided.

A "down payment" on the budget deficit should be agreed in Congress by mid-July, Mr Regan said. Meanwhile, the Administration would continue to ensure that the Federal Reserve supplied enough money to sustain economic growth without over-heating.

Mr Regan would not reveal details of the Administration's plans for further deficit reductions next year. He insisted, however, that those who did not believe that the deficit could be reduced were wrong — just as the Administration's critics had made "incorrect" assessments of its ability to achieve strong and sustainable growth. The expanding economy would also help to reduce the deficit by increasing government revenue, he said.

Big push to take Nicaraguan rebel stronghold

By Tim Coone in Managua

HEAVY FIGHTING has been taking place in the north of Nicaragua between Government troops and U.S.-backed guerrillas of the FDN (Nicaraguan Democratic Forces) seeking to overthrow the ruling Sandinistas. Sandinista forces have been using heavy artillery, multiple rocket launchers, light aircraft and several battalions of troops in an offensive aimed at dislodging a "regional command" of about 1,000 guerrillas from a stronghold in the north of the department of Jinotega near San José de Bocay.

Lawyers bring fraud suit against Pinochet

A GROUP of Chilean lawyers on Monday brought a law suit against President Augusto Pinochet alleging possible fraud and conflict of interest in the purchase of land for his private country house, reports Reuter from Santiago.

The lawyers said they were also appealing against the decision of an appeal court judge who ruled last Friday that he did not have the constitutional authority to try the President.

The suit against the right-wing President, and an aide-de-camp, concerns plots of land adjoining the President's house

Peru seeks to reschedule $1.046bn of foreign debt

BY HUGH O'SHAUGHNESSY AND MARGARET HUGHES

PERU IS seeking to reschedule $1.046bn in principle and interest due to foreign governments between now and the end of July next year, according to Sr José Benavides, the Economics Minister. He is to meet representatives of Western creditors at the "Paris Club" in the French capital on Monday and Tuesday of next week.

It is understood that Peru is also seeking renegotiation of some $300m due to countries in the Soviet bloc.

The Government is seeking to reschedule its immediate liabilities over 10 years with a five-year grace period.

Peru is expected to have difficulty in meeting the criteria set by the International Monetary Fund in exchange for the $344m stand-by credit agreed at the end of April.

Latest statistics indicate that inflation this year is running at an annual rate of around 120 per cent and observers in Lima predict that the Government will fall short of limiting the Government deficit to 4.1 per cent of Gross National Product agreed with the Fund last month.

In the export sector Peru is hoping that unsettled conditions in the Middle East will nudge up the price of the country's mineral exports, notably silver.

The Government is confident also that the Fund will not brusquely withdraw support even if Peru is unable to meet all the agreed targets.

During the summit meeting of Latin American foreign and finance ministers scheduled to take place next month Peru is expected to join in strong criticism of the recent rise in U.S. interest rates because of the effect they are having on Peru's ability to service its foreign debt.

Meanwhile, the agreement to reschedule $2.6bn of commercial bank debt falling due this year and next is dependent on Peru reaching agreement with its foreign government creditors through the Paris Club. Syndication of the commercial bank rescheduling package is due to be completed by late June.

OVERSEAS NEWS

Mubarak wins poll in campaign dominated by apathy

BY CHARLES RICHARDS IN CAIRO

PRESIDENT MUBARAK'S ruling National Democratic Party (NDP) staggered to its wholly predictable victory in parliamentary elections. The NCP won 391 out of 448 assembly seats.

The new WAFC party emerged as runners-up with about 15 per cent of the vote, giving it about 50 seats in the new 448 seats of the elected parliament. The three other opposition parties appeared to have failed to obtain the required 8 per cent of the popular vote to win any seats.

Acts of violence marred the polling, with one opposition candidate shot dead by ruling NDP supporters in the upper Egyptian town of Luxor. A number of ballot boxes were burnt and opposition parties complained their party workers were not permitted to observe the casting of votes.

"The tampering, irregularities, and violence by the ruling party were committedly openly and without shame," the veteran WAFD leader, Mr Fuad Serageddin, complained.

To a great extent, however, the Ministry of the Interior did ensure the elections were freely and fairly conducted. Another break with tradition was the candid reporting of the very low turnout. Only about one in four of the 12.6m registered voters (out of a population of 44m) cast their vote in any of the 23,000 polling stations in 48 electoral districts. In Cairo, where enthusiasm for elections was noticeably lower, only 130,000 were reported cast.

The failure to dispel apathy and cynicism about the representational process is a blow for Mr Mubarak, especially since he had appealed directly to the public on the eve of the poll.

Egypt's political system by tradition and under the constitution, is based on General De Gaulle's fifth French republic and concentrates power and decision making in the hands of the president.

Parliament serves only as an arena for debate. Ministers may be appointed from outside parliament and are answerable to it. A small opposition presence, itself split between WAFD traditionalists and Muslim brothers, will do little to prod ministers out of their complacency. Few expect major changes after the election.

Political sources expect Mr Mubarak will take steps to strengthen the structure of his party to create the power base he still lacks nearly three years into his presidency. The public perceives him as a military man, but as a former air force officer he cannot count on the support of the much larger and more powerful army. A reinforced party, however, could go some way to acting as a counterweight to the broadening military establishment.

Palestinian deaths after bus hijack 'a mishap'

By Lynne Richardson in Tel Aviv

MR YITZHAK Shamir, the Israeli Prime Minister, called the incident in which two Palestinians were bludgeoned to death by Israeli security forces, "a mishap" in an interview with the Hebrew daily Yediot Aharonot. Mr Shamir also told the Knesset foreign affairs and defence committee yesterday that the defence forces usually perform their duties honourably but that on this occasion there had been a deviation from accepted norms.

The two Palestinians died after hi-jacking a bus in Israel last month. An investigating commission found that the two men had died as a result of blows to the head after arrest. Two others were shot dead by troops during the storming of the hi-jacked bus.

Mr Yitzhak Rabin, former Prime Minister and a one-time chief of staff in the Labour government, called for a re-education programme "in the army, in the schools and in the public" to prevent any recurrence of such incidents. Speaking on Israel Radio, he called the act "intolerable." Those responsible should "bear all the consequences," he added.

The Israeli police and Criminal Investigation Department are to set up a special investigating team to decide who had direct responsibility for the deaths. Monday's investigating commission statement said the two men were dealt severe blows during the taking of the bus, allegedly to prevent them detonating a bomb reportedly on the bus. At least one of the two was able to walk off the bus unaided. The blows that killed him, and possibly his companion, occurred in a field where the two were taken for interrogation.

It is not clear from the published excerpts of the report why the area was not evacuated if a bomb was believed to be on the bus, or if the terrorists survived long enough to be interrogated.

Mr Moshe Arens, the Defence Minister, who released the commission's findings, flew to the U.S. yesterday to take part in celebrations marking Israel's independence day to be held in New York and will meet Mr Caspar Weinberger, the U.S. Defence Secretary, in Washington.

Colin Chapman explains Hawke's method of winning support from business and unions

The benefits of burning the midnight oil

SENIOR Australian Ministers are now confident that three crucial but controversial aspects of Hawke Government strategy will pass virtually unscathed through the policy-making conference of the Australian Labor Party in July.

The three issues are uranium mining, the licensing of foreign banks, and an acceptance that a loss in workers' real wages in the past two years can be made up through tax cuts rather than a "catch-up" in wage claims.

In the case of uranium mining, a compromise is expected to be reached so that selected developments can go forward on the grounds that Australia is more likely to be able to influence the use to which uranium is put if it is a supplier. Sales to France will be banned while that country continues to explode nuclear devices in the South Pacifics.

The Left wing of the Labor Party, which until now has been implacably opposed to uranium mining, has made a substantial shift in its stance. A draft resolution for the conference still wants all new mines and export sales banned, but would permit the fulfilment of existing contracts.

The Cabinet, which now has majority support on the ALP executive over the issue, thinks that the industry should be expanded, allowing the Government to provide export licences to any mine, with these licences subject to stringent nuclear non-proliferation safeguards.

The uranium debate at the party conference is now likely to centre on the maintenance of these safeguards, and Mr Bob Hawke, the Prime Minister, is expected to announce the establishment of a permanent uranium commission and a code of standards to protect Australian workers.

Compromise on the other two economic issues has been much harder to reach, and has provided the first real test of Mr Hawke's consensus politics. It has also meant that the Government's strategy for the August Budget has been worked out in the open rather than in traditional Australian secrecy.

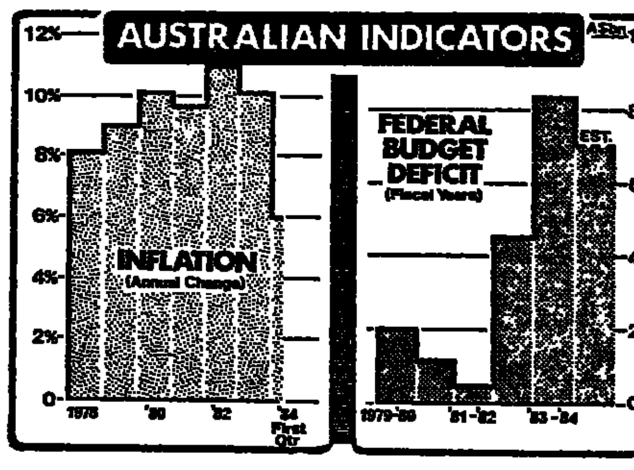
For example, at a meeting of the newly formed Economic Planning Advisory Council, a body which groups Government, union and business leaders, Mr Paul Keating, the treasurer, indicated that the federal budget deficit will be cut from this year's estimated A$8.4bn (£5.4bn) to just below A$7bn and that there will be cuts in personal income tax. One meeting does not produce a consensus however, and the lights have been burning day and night in the cabinet room in Canberra's Parliament House.

The approach has been that of the seminar, rather than the lecture theatre. Persuaded by the members of the Martin Committee which looked into the licensing of foreign banks for full operations in Australia that he should go ahead, Mr Keating arranged for the committee to spend several hours putting the arguments to the Parliamentary Labour Party's economic committee.

The time and effort is paying off, the ACTU is likely to accept a deregulatory package which endorses Mr Keating's earlier action to free the exchange rate and scrap controls, and which also authorises the admission of foreign banks subject to Australian participation.

By far the most important consensus—and the hardest to forge—has been the continuation of the accord with the ACTU.

So far the ACTU has agreed to accept six-monthly wage rises in line with the rise in the consumer price index, and to pursue its "catch-up" claim for the 9.2 per cent lost in the Fraser Government's 12-month wage freeze imposed in 1982 over a period of time.



Outside observers may not feel that this agreement will achieve much of a reduction in inflation or an improvement of the competitiveness of Australian industry. But, by clever manipulation, the Hawke Government has been able to guarantee that the deal will substantially cut inflation over the next nine months, by which time there will have been another federal election.

The manipulation involves the introduction of Medicare, a limited national health scheme, funded by a 1 per cent levy on income tax. The levy does not feature in the consumer price index, as did contributions to private health funds, the previous form of health cover for most Australians. The effect so far on the index has been dramatic—in the March quarter there was an actual reduction of 0.4 per cent.

When the next index-linked wage rise comes through in October it is likely to be no more than 1 per cent, pulling the annual rate of inflation down to below 5 per cent by the end of this year.

Some union leaders have argued that this will therefore be a propitious time to pursue their "catch-up" claim for the lost 9.2 per cent, but again attention to detailed discussion by Mr Keating has been successful in deterring them.

The carrot he held out was a cut in income tax in the August budget, with a joint working party of the ACTU and the Government to decide the nature of the tax cuts.

Barring unforeseen circumstances, the tax cuts will be a direct trade for the "catch-up," and the ACTU will concentrate its muscle on pursuing a national pension scheme funded by increases in productivity now prevalent throughout much of industry.

Industry bodies and employer organisations have criticised the budget deficit and objected to the ACTU being a privileged party in tax cuts consultation. But the Government points to the situation whereby real gross domestic product fell by 2.7 per cent in the financial year ended June 1983, compared with this financial year when it will have risen by 4 per cent.

Even those businessmen who are instinctive political opponents of labor have been won over by a similar process of continuous consultation.

Libyan 'suicide squads to attack camps in Sudan'

LONDON—Libyan People's Congresses have decided to form suicide squads to destroy sabotage and assassination training camps set up in neighbouring Sudan, the Libyan official Jana News Agency said yesterday.

The agency, monitored in London, said the camps had been set up by Sudanese president Jaafar Nimeiri.

It quoted the newspaper Al-Zahf Al-Akhdar (Green March) published by Libya's revolutionary committees as the source for its report.

[illegible] has alleged that members of an armed group captured by security forces in Tripoli three weeks ago confessed they were recruited by the U.S. Central Intelligence Agency (CIA) with British cooperation for large-scale sabotage in Libya.

Libyan justice minister Mr Fuftah Kuaibe has said the group comprised members of the fundamentalist "moslem brotherhood" who had been recruited in West Germany, the U.S. and Britain and were trained at a camp in Sudan's Mandara area.

Reuter

Philippine opposition to support crisis strategy

BY EMILIA TAGAZA IN MANILA

THE major opposition party in the Philippines has indicated it would not block austerity measures attached to the awaited SDR615m standby credit from the International Monetary Fund.

Mr Salvador Laurel, president of the United Nationalist and Democratic Organisation (UNIDO), said that at the party caucus yesterday, the debt crisis dominated the agenda. Commenting on austerity measures being implemented by President Ferdinand Marcos' ruling party, Mr Laurel said: "In matters of economic problems, we should put our heads together in trying to solve them." The move comes after an unexpectedly strong opposition performance in the May 14 parliamentary elections.

UNIDO's position will reassure the Government and foreign creditors, who were concerned that the opposition party might channel dissatisfaction over austerity measures.

The IMF facility, which will determine an international rescue package for the country's $25bn foreign debt, has attached conditions including a third peso devaluation in a year, drastic cuts in government spending and higher taxes.

Soviet oil strike off Vietnam

MOSCOW — A Soviet drilling ship has struck oil off the coast of Southern Vietnam after more than three years of exploration, Tass news agency reported.

It said the prospecting vessel Mikhail Marchink discovered a bed of oil and gas at a depth of about 3,000 metres (10,000 feet) last Saturday.

"The success of the Soviet and Vietnamese opens up new prospects for the development of the oil producing industry of Vietnam," Tass said.

It added that work had now been speeded up on construction of a stationary offshore drilling platform.

Reuter

New Zealand imposes interest rate controls

WELLINGTON — The New Zealand Government yesterday imposed a new round of interest rate controls on the country's financial institutions.

Prime Minister and Finance Minister Sir Robert Muldoon announced that all new retail lending will be limited to no more than 15 per cent interest for the next three months.

The rate applies to retail banking operations, including building societies for home loans, life insurance companies and pension funds.

Other lenders, including finance companies and private individuals, will be limited to charging 17 per cent for loans until the end of August.

Home loans are already restricted to 11 per cent for first mortgages and 14 per cent for second mortgages.

Sir Robert said the regulations were necessary because lending institutions refused to go along with a Government directive to reduce rates voluntarily.

Sir Robert said the Government wants to bring interest rates in line with the Government rates of 8 per cent.

He said companies that borrowed at high rates "will be squeezed in their profit margins and that will mean they will have to drop their borrowing rates.

AP-DJ

TECHNOLOGY

EDITED BY ALAN CANE

REMOTE SENSING SATELLITE CENTRE OPENS AT SILSOE, BEDFORD

Where space images come to earth

BY DAVID FISHLOCK, SCIENCE EDITOR

LOCAL FARMERS invited to visit a new £500,000 facility at Silsoe college near Bedford are seeing their fields through new eyes. Researchers at the Cranfield College of Technology are introducing their visitors to maps of their land they have made by remote sensing from satellites, turned by computer into images that can reveal such intelligence as drainage patterns, land erosion, or the health of the crop.

The Royal Society has called civil remote sensing "an enabling technology with an importance in some way approaching that of information technology (to which it is closely related) or biotechnology."

The Silsoe facility is the first of two "outstations" of the National Remote Sensing Centre at Farnborough, which receives and processes satellite imagery. The outstations—the other is in Scotland, at the Macaulay Institute for Soil Research—are aimed at applications for remote sensing in the agricultural industry. Both are government funded; each will do its own research but both will be available to other university researchers.

Silsoe's aim is to build on research into rural land use the college has been doing in its land resource planning laboratory for 15 years, mostly for governments, and mostly overseas. The techniques will now be extended to Britain, says Brian May, professor of agricultural engineering and head of Silsoe College. "It's very impressive when you've got a prince from Saudia Arabia and you can show him his farms."

Most visitors are "fascinated by the possibilities," he says, although some will deny that any satellite ever passes over their homeland and cannot understand how the images might have been obtained.

The college is adding the new techniques of remote sensing to a background of photogrammetry for map-making based on aerial photography.

The government's investment, mostly from the Department of Industry, has purchased a GEMS interactive display system for computer analysis of satellite data, read-out facilities, and an air-conditioned laboratory for the storage of 700 magnetic tapes. This data bank carries six channels of information.

The centre, run by Maurice Keech, is staffed with two academics and two support staff. They offer courses to firms wanting to train their own people in remote sensing. "We'd much rather do this," Prof May says. It leaves his staff free to pursue their own research. Trained staff can also use the facility themselves to interpret the images.

He says the college has been inundated by requests to use the new facility. The plan is to run it as a business, selling a service to consultants, for example, who want to include the data in packages they themselves are marketing.

Farnborough sets the charges, which work out at £26 per hour. The standard short-course activity connected with the use of the facility is £45 per person for the beginners' one-day workshop; and £110 per person for the advanced one-day workshop.

Some idea of the potential of remote sensing is gained from a pilot study at Silsoe, using hand-held instruments, which showed that they could predict crop yield in winter wheat during crop senescence. The researchers used radiometers to measure the spectral reflectance of the crop in the infrared and red wavebands.

They combined the values to produce a "vegetation index," which was found to fall linearly with time during the senescence period. The rate of fall was proportional to the final yield of the crop.

The explanation is that the higher yielding crops maintain chlorophyl activity longer and then ripen more rapidly than the less healthy, lower-yielding crops. The next stage of research is to see whether the same technique will hold good if used from an aircraft.

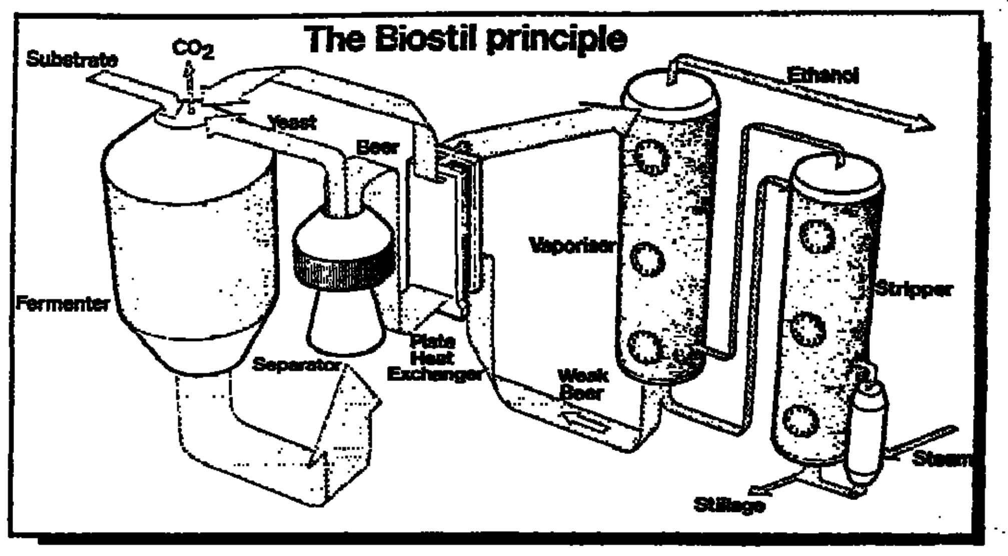
Clouds are a big handicap to the use of multi-spectral imagery in Britain. But microwave sensing—radar—affords a way of penetrating cloud to provide all-weather and diurnal remote sensing capability. Silsoe's studies have focused on the European SAR-580 programme, in which microwave sensing of the forest resource inventory was assessed.

They show that diseased and wind-damaged trees in coniferous woodland can be identified in this way.

ALFA-LAVAL BUILDS FUEL ALCOHOL PLANT IN SWEDEN

Grain fuels car engines

BY ELAINE WILLIAMS RECENTLY IN SKARABORG



The Biostil process is unusual in that it is a continuous alcohol production method

IN BRAZIL more than 1m cars use alcohol instead of petrol in their engines. It makes use of the country's excess sugar production, provides jobs and reduces dependence on imported oil.

A C Biotechnic, a 50 per cent owned subsidiary of Alfa-Laval, the international food processing group, which has sold alcohol production plants into Brazil and Australia, has recently built the first plant of its kind in Europe which converts grain, rather than sugar crops, into alcohol and animal feedstuffs.

The plant, at Skaraborg in the south of Sweden, can produce 200,000 litres of alcohol a day. It represents an investment of SKr 36m. Output from the plant is sold to the country's state-owned OK petroleum company. About 4 per cent alcohol is added to petrol and sold in the Stockholm area. As Sweden is committed to the introduction of lead free fuel, alcohol addition is likely to increase.

AC Biotechnics, jointly owned by Alfa-Laval and Cardo, developed the technology while Alfa-Laval built the plant which started operating recently. Once final tests are complete it will be run by Agroenergi Utveckling AB in which the Swedish Farmers Co-operative has a major share.

Mr Roger Cook of AC Biotechnics, who joined Alfa-Laval about ten years ago to help develop the Biostil process, says that there is a potential for several other plants to be constructed in Sweden and the rest of Europe. He said that surplus grain which is unsuitable for bread making, for example, could be converted into a protein rich animal feed concentrate, starch and fuel alcohol.

The process, in concept, is straightforward. Feed grain is first milled to take out the bran. The feedback flour is mixed with approximately the same amount of water with a little stillage which has been recycled to aid fermentation. Enzymes are added and then the mixture is pre-heated to a temperature of 90 deg C. This produces liquefied starch. At this point some of the starch will be removed and AC Biotechnics has nearly finished testing this newly constructed part of the plant.

From here, a saccharification enzyme is added to turn the remaining starch into alcohol. This can take about 20 hours. This broth-liked mixture is pumped through a sieve where the remaining fibres are removed. After washing these fibres go on to a "stripper" while the fibre-free broth, which comprises, ethanol, yeast and gluten, is pumped to a centrifuge. This causes the yeast to be separated and returned to the fermentor.

The remaining liquid moves on to a heat exchanger at the top part of a distillation column where about 90 per cent of the ethanol is removed as a vapour. The bottom part of the distillation column is divided into two so that some of the flow passes through the heat exchanger and the rest moves to a second distillation column where the remaining ethanol is removed.

The Biostil process differs from conventional alcohol product in that it is a continuous rather than a batch process.

Skaraborg also harvests carbon-dioxide produced during fermentation. Aga, the Swedish gas products group, has built its own storage system to collect the gas on the site. No waste products are produced during the process which also has important advantages.

Whether or not the plant is completely economic is difficult to assess as raw materials alone can account for between 50 and 75 per cent of the total cost. However, Mr Cook pointed out that although it costs more to make alcohol than to import it, the by-products, for example starch, would save some SKr 12m a year in fewer imports. In addition, government levy on alcohol is SKr 0.77/litre ethanol compared with 1.77 SKr/litre oil.

There are other social and political benefits in that some jobs are created, imports are substituted and excess product is turned into something useful. AC Biotechnics has already negotiated new plants in Pakistan, Brazil, and is moving into France and West Germany using sugar feedstocks but hopes to convince the European Community, for example, that grain is also a good base product to convert to fuel alcohol.

RAYCHEM DEVISES ANTI-CORROSION TECHNIQUE

Saving steel in reinforced concrete

RAYCHEM, THE conductive polymer specialist of Swindon, Wiltshire, says it has developed and satisfactorily tested a cathodic protection system which can retard the corrosion of the steel bars in reinforced concrete.

Over the years it has been realised that reinforced concrete structures can crumble and even fall in a relatively short time. This is because penetrating seawater or road de-icing salt rusts the steel away. It has also been found that trace chemicals present in some aggregates, and some concrete additives, can attack the steel bars.

Unfortunately the corroding bars expand, causing the concrete to spall off or break up.

Raychem has devised a system that can provide the same kind of protection as that used for ships and offshore structures. Known as cathodic protection, it is designed to counter the cause of corrosion, namely the fact that the steel is the anode in a kind of battery in which the salts form the electrolyte and the surrounding material is the cathode. As in all cells of this kind, the anode is oxidised—in the case of iron, rusted away.

In cathodic protection systems, the situation is reversed. A new anode is provided in the form of a copper mesh and a voltage is impressed between anode and cathode which is the opposite to the one normally found. The iron becomes the cathode and does not waste away.

Raychem's system, called Ferex, consists of a wire mesh anode which is shaped from conductive polymer electrode material coated on to copper conductors.

The company has held a leading position in these materials, in which polymer and carbon black are blended to give various degrees of conductivity. Strips of such conductors can be easily wrapped round pipes, for example, to give self-regulating heating (as the polymer warms up, the resistance increases, cutting the heat back).

In the Ferex system, the material is used basically as a conductive coating, the low resistance copper core ensuring good current distribution over the complete mesh. The plastic also protects the copper anode wires from chemical attack.

The anode mesh comes from the factory as a fully integrated, self-contained system, ready to instal over almost any size or shape of surface. There is no on-site assembly; after surface cleaning, the mesh is laid down and either stapled or fixed by adhesive to the concrete.

To produce intimate contact with the structure and give an acceptable finish, the mesh is sprayed with concrete.

Ferex consumes only a few watts/square metre of power and so is economical in operation. The consumption is about the same as that needed to light a road.

Although the development has been funded by Raychem, a Department of Transport trial is about to take place which is expected to extend over two years. But Raychem's parent has already put the system into U.S. Federal Highway Authority trials, with "good results."

To civil engineers the solution will no doubt appear novel. But Raychem is convinced that it works and points out that the alternative is to replace sections of concrete that become suspect — an expensive proposition. More on 0793 28171.

GEOFFREY CHARLISH

Security

Software protection

A cable-connected device for the protection of software is offered by Polytech Engineering Services of Cambridge.

The device is usable with any computer having an RS232 port, without inhibiting operation in any way. It is interrogated by the software and responds only when a unique code is passed through it. Thus, direct copies of the program will not run on any computer that does not have the correct device connected.

The codes, of which there are about 100m, use ASCII control characters which would not normally affect any other device using the port. Due to the nature of the unit, even an infinitely fast computer would take about 20 years to test all the possible combination claims Polytech. More on 0223 312562.

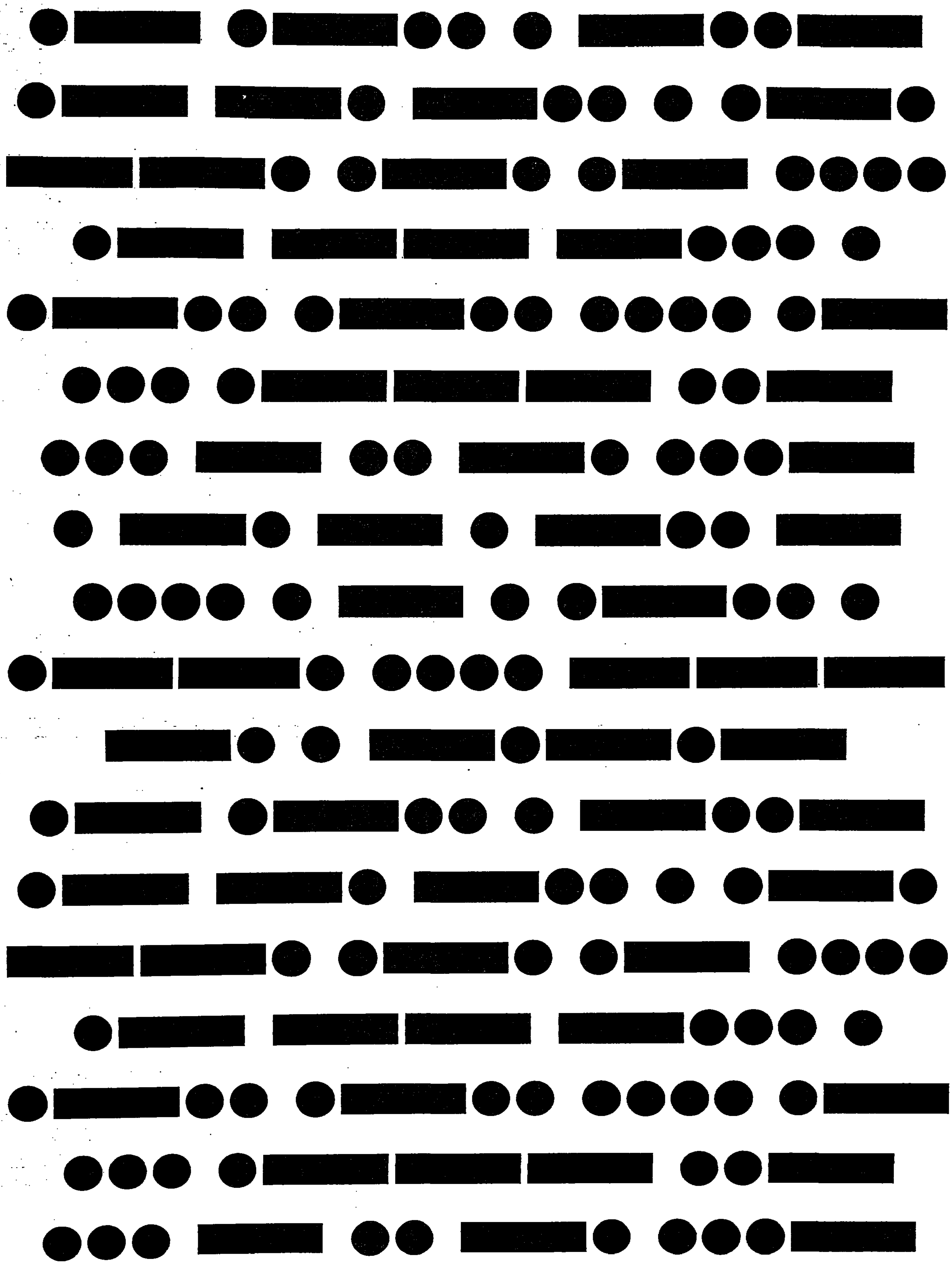
Computers

Graphics design

THE GRAPHICS output of computer-aided design and manufacturing systems can be committed to all kinds of film from 16mm to microfiche using a new system from Dicomed, the D148S.

The unit's high resolution makes it suitable for engineering drawings, schematics, maps and other demanding tasks. What would take 45 minutes to produce on a mechanical plotter, says the company, can be recorded in less than a minute on the D148S.

Film transport and optical assemblies are interchangeable to allow recording on 16, 35 or 105 mm film, aperture cards and microfiche. More on 0990 27312.



In 1876, unable to foresee the coming invention of the telephone, thousands of people wasted a lot of time learning Morse code.

WORLD TRADE NEWS

Trading nations are speculating that a new round of negotiations may be in the offing, **Christian Tyler,** Trade Editor, reports

Gatt code could unlock international barriers to trade in agriculture

A PIECE of paper, a mere 60 lines long, going the rounds in Geneva, contains the code that could for the first time unlock international barriers to trade in agriculture.

It represents more than a year's laborious building of a consensus among 60-member nations of the General Agreement on Tariffs and Trade that the time has come to bring agriculture—the most protected of all industries—fully into the Gatt system.

The Committee on Trade in Agriculture has surprised everyone by its sped and spirit of co-operation. It has gone further and faster than any of the task forces set up after an acrimonious ministerial meeting of the Gatt nations in November 1982.

A crucial phase has been reached. Over the coming months, it should become clear whether the world's biggest exporters of agricultural produce are ready to swop concessions.

Trade negotiators for the U.S., EEC, Australia and for countries such as Argentina, Brazil, India and Malaysia, are already beginning to speculate—at least in private—what the trade-offs might be if a negotiation can be launched.

What is not yet clear is whether the net effect of a negotiation would be to liberalise trade or merely to change the Gatt rules so that what is presently "illegal" is made legitimate.

Some participants believe that a negotiation on agriculture could start independently. But most believe it cannot really succeed unless it becomes part of a much wider Gatt round of the kind being mooted to begin some time in 1986.

There are two reasons for the agriculture committee's apparent success. The first is that both the U.S. and the EEC, the major trading powers, are finding the cost of their domestic support programmes for farmers increasingly expensive.

At the same time, tax payers are becoming more restive and farm lobbies (with some obvious exceptions) are a dwindling force in domestic politics.

The second is that the Gatt Secretariat, abetted by the energetic Dutch chairman of the committee, Mr Aert de Zeeuw, has been uncharacteristically aggressive in pursuing the mandate given by the 1982 ministerial meeting.

The secretariat's 60-line draft recommendation for the committee to put to the Gatt nations says that "substantially all" measures affecting agricultural trade should be brought under more effective Gatt disciplines.

It goes on to make the daring assertion that domestic policies affecting international trade should be circumscribed.

Any negotiation should cover all quantitative restrictions and "related measures," it says. These include the major get-out clauses (such as the U.S. waiver of 1955), voluntary export restraints, variable levies, and minimum import price arrangements.

The Committee on Trade in Agriculture has surprised everyone by its spirit of co-operation. Now a crucial phase has been reached. Over the coming months it should become clear whether the world's biggest exporters of agriculture produce are ready to swap concessions.

It should tackle all subsidies affecting trade; and export subsidies should be under a general prohibition "subject to carefully-defined exceptions."

The draft says that full account should be taken of the special needs of developing countries and of "specific characteristics and problems in agriculture."

In other words, although its drift is clearly towards liberalisation, this highly-coded paper gives everyone room to enter their special pleas.

Early next month (June 6 to 8), the implications of this draft will be spelled out and countries will be given, as one official put it, "a peep under the blanket."

After that will begin the elaborate process of drafting a final recommendation to this November's annual meeting of the Gatt nations.

Some countries are already showing signs of nervousness. For example, the French, with the Italians, Greeks and Irish not far behind, have reportedly already warned EEC Commission spokesman in Geneva not to give too much away. Yet the French stand to benefit from any significant opening of other markets, especially in the U.S.

To some extent, the Commission finds the Gatt debate a useful way of strengthening its hand in the struggle to sort out the Common Agricultural Policy budgetary crisis.

For all that, the EEC would far prefer a negotiation concentrating on arrangements for mutual access than one that belaboured export subsidies. Broadly, the EEC is arguing that restraints on domestic support for farmers should be traded for guaranteed access for farm exports.

The U.S., as everyone knows, is mainly interested in curbing export subsidies — especially those of the EEC which have already, it claims, virtually wiped out its export sales of poultry.

The U.S. is also worried by the cost of its $22bn (£15bn) farm support programme when its farm exports have fallen from $48bn to $32.8bn in the past two years.

As for Japan, the world's second biggest capitalist economy, it has nothing to gain by a negotiation in agriculture alone. It is a negligible exporter of commodities and it has a large and fierce farm lobby.

As one negotiator in Geneva put it: "In Japan you have got people producing one cow a year—but they all have a vote."

Japan, the leading promoter of a new multilateral trade negotiation, will only drop its agricultural import barriers in return for a much better deal than it is at present getting on its exports of motor cars and consumer electronics to the U.S. and Europe.

Similar considerations could apply to Australia, one of the most militant nations in the Gatt on this point. Australia is angry about the way its dairy industry and apple growers, for example, have been beaten out of traditional markets by subsidised EEC sales.

Now it is fearful for its beef industry as it watches the EEC surplus going on sale in countries such as Canada.

Australia's concerns are shared by countries such as Argentina, India and the other Asian nations. The competition has become so hot that some developing countries that can ill-afford it, notably Brazil, have begun to subsidise their exports — a trend that alarms everyone.

The Gatt is rarely credited with success. But if the innocuous-looking document produced for the committee on trade in agriculture survives the next few months, it will have laid the ground-work for what could plausibly become one of the biggest achievements of its 36-year history.

Qatar set to exploit North Dome gasfield soon

BY STEWART DALBY IN DOHAR

QATAR WILL soon finalise arrangements with British Petroleum and Compagnie Française des Petroles (CFP Total) to exploit the country's huge offshore North Dome gasfield, according to Mr Ali Jaidah, managing director of the Qatar General Petroleum Corporation.

An agreement was initialled earlier this year and was expected to be completed last month. But finalisation of the project, which is expected to cost between $4bn and $6bn (£2.8bn and £4.2bn) and to include the manufacture of liquefied natural gas (LNG), appears to have been delayed partly by the lack of a definite buyer for the LNG.

The world market for gas has been depressed and potential European customers appear committed to buying Soviet gas.

The North Dome gasfield, 40 km from the north-eastern tip of the Qatar peninsula, covers 1,000 sq km and has known reserves of 120 trillion (million million) cu ft. This makes it one of the largest natural gasfields in the world.

The first stage of the project, costing between $1bn (£660m) and $2bn, will exploit gas for domestic use. This phase will be financed by foreign borrowing and some resort to the Government's reserve fund, and will be Qatari-owned.

The second phase will involve the setting-up of an LNG manufacturing company, majority-owned by the Government and with stakes held by foreign companies.

The original intention was that Qatar should own 80 per cent, with CFP and BP holding 10 per cent each. But now, the planned Qatari shareholding has been scaled down to 70 per cent, and those of BP and CFP to 7.5 per cent each.

The Qataris hope, presumably, that Japanese companies may want to take a share.

Brazil gains $100m U.S. aircraft order

By Andrew Whitley
In Rio de Janeiro

EMBRAER, a Brazilian state-controlled aircraft manufacturing company, has won its first confirmed orders for its new commuter aircraft, the Brasilia, in two deals worth a total of $100m (£71m).

Two U.S. commuter airlines, Provincetown Boston Airlines and Atlantic Southwest Airlines, have each signed contracts for 10 of the Brazilian-designed, 30-seat aircraft.

Full-scale production of the Brasilia—the key to Embraer's ambitions to establish itself as a major aircraft manufacturer internationally—is due to commence in the second half of the year.

Embraer has more than 110 options for the purchase of the Brasilia, mostly from foreign customers.

The uni, .ale price of ..ch Brasilia—powered by two, new-generation turbo-prop engines, the PW115 from Pratt and Whitney of Canada—is £4.6m.

France may cut reliance on U.S. for chips

BY DAVID MARSH IN PARIS

FRANCE IS exploring the possibility of lowering reliance on the U.S. for key electronics components in the widely-sold E.10 digital telephone exchange manufactured by state-controlled CIT Alcatel.

The company confirmed yesterday it was making "feasibility stu..s" to phase out the use of microprocessors made by the Californian integrated circuits company Intel.

Instead, CIT Alcatel is planning to boost use of "chips" in the E.10 made by the other state electronics group, Thomson, which is rapidly increasing its own microprocessor output partly as a result of technology exchange agreements with Motorola of the U.S.

CIT-Alcatel and Thomson agreed last autumn to merge their telecommunications interests as part of a wide-ranging effort to give France more muscle power on world electronics markets.

The prospective deal to replace with French-made chips, Intel components imported from the U.S. for the subscriber cards of the E.10 system would mark a key practical result.

CIT-Alcatel stressed yesterday that the main impetus behind the idea was simply to harmonise the two companies' industrial activities.

But the move would also help insulate France from the effects of possible tightening of U.S. controls on export of high-technology products to Europe.

One beneficiary of any accord on the E.10 system would be Thomson's specialist Grenoble-based microprocessor manufacturer, Efcis.

The company, which was originally founded by France's nuclear energy commission Commissariat a l'Energie Atomique (CEA), but has been taken under Thomson's control in recent years, is one of the main elements in Thomson's efforts greatly to boost French integrated circuit production.

Reynolds signs cigarette deal with China

CHINA and R. J. Reynolds Tobacco International Inc signed an agreement yesterday jointly to produce cigarettes for Chinese domestic consumption, making the U.S. company the first to gain access to the world's largest market for tobacco. AP reports from Peking.

Under the $20m (£14m) agreement, the two sides will produce and market a jointly owned brand for sale in China and overseas. The name of the cigarette has not been decided.

S. Korea contracts

South Korea's leading 35 companies won overseas construction contracts worth $1bn (£666m) during the first four months of 1984, down 61.6 per cent from $2.63bn in the same period of 1983, construction industry officials said yesterday, Reuter reports from Seoul.

The fall was mainly due to sluggish business in the Middle East.

Hilton in joint venture for Shanghai hotel

BY DAVID DODWELL IN HONG KONG

HILTON INTERNATIONAL, the privately-owned international hotels group, has agreed a joint venture to build the Shanghai Hilton.

The 800-room hotel, which is likely to cost $85m (£60m), will be the first in China to carry the name of a foreign hotel chain, Hilton International said yesterday.

Hilton International's joint venture partner will be Cindic Holdings, a Hong Kong-based trading company headed by Mr Alex Hsu, which has strong links with Shanghai. Work on the Shanghai Hilton is expected to begin later this year, with the doors opening in 1987.

Hilton has recently been expanding rapidly in Asia. It has opened hotels in Bangkok, Seoul, and Pataling Jaya in Malaysia, over the past year, and a new 900-room hotel is due to open on September 1 in Tokyo.

Hotels in Colombo, Osaka and Kuching are at various stages of development, while extensions are being built to hotels in Guam and Jakarta.

Mr Kenneth Moss, senior vice-president for Hilton International in Asia and Australia, said yesterday that the group would be taking a minority holding in the Shanghai hotel, but refused to disclose the size of its stake.

Turkey aims to boost exports to Iraq

By David Barchard in Ankara

TURKEY hopes to increase its exports to Iraq from $319m (£227m) last year to more than $900m this year, according to Government officials travelling with Mr Turgut Ozal, the Prime Minister, who is on a three-day official visit to Iraq. Mr Ekrem Pakdemirli, Under-Secretary for the Treasury and Foreign Trade, said that the $900m target could be met as exports had been more than $350m to Iraq in the first four months of this year.

Turkey's exports to Iraq last year were badly affected by the country's ailing fortunes in the Gulf war, but Iraq has now agreed to buy a wide range of Turkish products, from iron and steel to foodstuffs, consumer goods and household utensils.

Meanwhile, trade figures announced yesterday appeared to show a slackening in the improvement in Turkey's foreign trade performance during April. Imports dropped to $611m in April compared to $713m in March.

Imports in April were 11 per cent above the March level at $924m, 39 per cent above the April 1983 level. The four months' trade deficit was $638m compared to $1.1bn in the same period last year.

UK NEWS

Interest rate pressures ease

By Philip Stephens

IMMEDIATE PRESSURE for a rise in Britain's base lending rates eased yesterday as money market interest rates edged lower and sterling held steady on foreign exchanges.

Financial markets are still expecting a small increase in base rates from the present 9 to 9¼ per cent, but it is thought the banks might take advantage of a generally calmer atmosphere to delay a decision.

The Bank of England yesterday studiously avoided giving an indication of its view on whether rates should rise by leaving its dealing rates unchanged.

Many brokers believe that barring a new surge in U.S. interest rates or renewed pressure on sterling, the banks will hold off until the publication of the latest UK money supply figures next week.

The figures are expected to show a rapid expansion of the most closely-watched money supply measure, sterling M3, during May. If the figures are as bad as most City of London forecasts, they could be the trigger for an increase.

External pressures for higher rates, however, have been tempered by a perception that the U.S. authorities might avoid pushing up interest rates further in order to rebuild confidence in the U.S. banking system.

Mr Donald Regan, the U.S. Treasury Secretary, said yesterday the Administration was closely monitoring the position of U.S. banks and would ensure that the system as a whole "would not be shaken."

After falling for much of last week, sterling registered slight gains yesterday. Its trade-weighted index against a basket of currencies rose to 79.6 from 79.4 at Friday's close.

Money market interest rates, which determine the cost the banks themselves pay for funds, fell slightly, although they remain at a level which would imply a higher base rate for most banks.

The more relaxed view of the interest rate outlook, however, will be welcome to the Government which was anxious that the markets should not be stampeded into base rate increases.

Miners fight with police in strike confrontation

BY OUR LABOUR STAFF

MINERS' pickets clashed with police yesterday in one of the worst confrontations of the three-month-old coal dispute.

Eighty-two of the pickets were arrested and 64 people injured, more than half of them policemen. Smoke bombs, thunderflashes, and firecrackers were thrown by the pickets together with stones, bottles and wooden fencing.

Some of the police wore full riot gear with shields and ambulancemen wore helmets to protect themselves from the missiles as they took the injured to hospital.

The trouble was outside the Orgreave coking plant, near Sheffield in South Yorkshire. Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), had called for a mass blockade of the plant to try to prevent lorries ferrying coke from it to the British Steel works at Scunthorpe.

An estimated 6,000 pickets had gathered when the first convoy of lorries arrived. Nearly 2,000 police were on duty, with sections mounted on horseback and with dogs. Running fights broke out. One mounted policeman had his leg fractured.

Mr Scargill, who was at the plant, said: "Anyone who has been here today has seen police tactics of the most brutal nature. We have seen riot shields and riot gear in action. We have seen truncheons and staves in action. We have seen mounted police charging into our ranks."

Mr Arthur Scargill

The miners' president said he had appealed to the police to show restraint, but there had been scenes of brutality which were almost unbelievable.

"What you have now in South Yorkshire," he said, "is an actual police state tantamount to something you are used to seeing in Chile or Bolivia."

Mr Scargill urged all his members and the whole trade union movement to "come here in their thousands in order that we can make aware to everybody that we are not prepared to see this kind of brutality inflicted against working men and women."

Mr Tony Clement, assistant chief constable in charge of the police operation, said: "We have been listening to Mr Scargill now for some 12 weeks. The pickets began throwing stones, half house bricks, wood torn from fences and our officers were being injured.

"That was the time for me to order officers to go in with shields to prevent that sort of thing happening." He defended the use of mounted police and dogs.

Mr Anthony Beaumont-Dark, a Conservative MP, said Mr Scargill would be responsible if any deaths occurred during mass picketing at Orgreave. "Mr Scargill should be as concerned with people's safety as he is about running a political campaign on the backs of the miners."

In Lancashire, the area's union executive decided yesterday to go to the High Court to contest an injunction granted last week, preventing the union from disciplining members who have continued to work during the strike.

● The National Coal Board (NCB) has started drilling eight miles off the Tyne estuary in the North Sea to try to tap undersea coal reserves. The £3.5m project involves three specially adapted drilling ships.

Mr David Archibald, North-east director of the NCB, said: "If the miners on strike in our coalfield need evidence of good future prospects, they cannot have a more dramatic illustration than capital investment on such a massive scale being introduced during such a crippling dispute."

British Sleipner decision imminent

By Dominic Lawson

A DECISION by the British Government on whether to give the go ahead for British Gas to acquire £20bn of gas from Norway's Sleipner field could come this week.

Meanwhile Gasunie, the Dutch gas utility, has denied that it made a new offer to sell gas to the UK as an alternative to the controversial Sleipner deal.

According to Gasunie its original offer remains on the table and is still being studied by British Gas. Gasunie is owned jointly by Shell, Esso and Dutch State Mines.

However, it appears that British Gas has not budged from its decision that the Dutch offer is of inadequate quantities, and at a price which is not fully competitive. In addition, British Gas is believed to be unwilling to enter into any substantive negotiations with alternative suppliers to Norway, until it has received a definite answer on the Sleipner deal from the UK Government.

The most likely outcome is thought to be qualified government approval of the Sleipner deal. It is now too late for the Norwegian parliament to approve the deal in this session which rises on June 9 and does not sit again until October 1.

Economy 'in clear upward phase'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE UK economy is set for a steady continued recovery, although the risk of a world financial crisis has increased, Liverpool university economics research group says in its latest quarterly bulletin.

The team, headed by Professor Patrick Minford, believes that growth will continue at a steady annual rate of between 3 per cent and 4 per cent for the next three years, with the inflation rate falling to only about 1½ per cent.

"Many forecasters fail to appreciate the causes of the upturn and continue to forecast a moderation in growth and a resurgence of inflationary pressure," the bulletin says.

"To them, the upturn can only be temporary and certainly cannot be sustained without the aid of a fiscal impulse. To us, the signs point in the opposite direction. The economy is clearly in the upward phase and the indicators point to a sustained recovery."

For future years in the forecast period to 1987 they say that low inflation, underpinned by small increases in manufacturers' costs per unit of output will help to maintain consumer demand.

"Competitive pricing combined with low inflation expectations has produced a major adjustment in the spending behaviour of households, and with it a major portfolio shift between assets and debt. The key to the increase in demand remains low pricing behaviour of the market sectors."

The motor industry, the forecast says, gives a classic example of how price cutting can stimulate demand, with vehicle registrations in February 11 per cent higher than in February 1983 and new car registrations 12 per cent higher in February than a year earlier.

On the international outlook, Prof Minford says that there is a serious risk that real world interest rates will rise further and cause a collapse of the world banking system.

SUMMARY OF FORECAST

	1983	1984	1985	1986	1987
GDP growth*	5.3	3.6	3.2	3.5	3.1
Inflation†	5.3	3.7	2.1	1.4	1.3
Unemployment (m/)+	3.0	2.8	2.4	2.1	1.8
Current balance (£bn)	2.0	1.3	3.0	3.9	6.7

* *Expenditure estimate, annual percentage rise*
† *Consumer price index, year-on-year per cent rise*
+ *UK wholly unemployed, excluding school leavers*

UK plant Roche's largest investment

HOFFMANN-LA ROCHE, one of the world's largest pharmaceuticals companies, plans to open a £150m vitamin plant next week in Dalry, Scotland, Carla Rapoport writes.

The investment is the largest in the company's history and will lead to 350 jobs in Scotland. The plant will produce vitamin C, which is used as an additive to animal feeds and processed foods, as well as in tablet form for human consumption.

Roche considered locations in Italy, France and West Germany before settling on the Scottish site. It said that Britain was chosen for its relatively stable workforce, good communications, utilities and water supplies, and the availability of local grants.

Roche officials say that vitamin C sales to the pharmaceutical industry have shown the best growth over the past year, particularly in the U.S. The company has recently published studies showing that smoking cigarettes reduces the level of vitamin C in the body.

● THE GOVERNMENT has sanctioned development of three new gas fields in the Southern Basin of the North Sea. The three fields, Esmond, Forbes and Gordon make up the Esmond complex, which will be operated by Hamilton Brothers, the U.S. oil company.

● ALL SEALINK ferry services except those to and from the Isle of Wight have been cancelled until early Friday because of a 48-hour strike by members of the National Union of Seamen. The strike is also expected to affect sailings by P & O and European Ferries, which operates Townsend Thoresen.

● TWO JAPANESE companies launch new cars in the UK today. Nissan introduces its front-wheel-drive Bluebird saloon which will compete with Austin's Montego, the Ford Seirra and the Vauxhall Cavalier. Mitsubishi introduces its Space Wagon.

● ADAM & COMPANY, named after the economist Adam Smith, became the first Scottish-based company to offer retail banking services for 140 years when it opened for business yesterday.

● VOLVO Car Corporation has renewed its agreement with the Lex Service Group, the UK importer, for a further five years.

NCB will supply Australian coal to save Greek order

BY MAURICE SAMUELSON

THE NATIONAL Coal Board (NCB) is to supply Australian coal to Greece in order to save a major contract under negotiation with the Greek electricity industry.

Greece's Public Power Corporation (PPC) wants to buy 600,000 tonnes of coal between now and the end of the year, with the first deliveries of about 50,000 tonnes due to be made almost immediately.

The coal, worth nearly £15m to the NCB, would be shipped by the Coal Trading Corporation, a French-based energy concern with international contacts.

With the negotiations dragging on longer than expected, the Greeks have already trimmed their order from 1m tonnes over 12 months to 600,000 tonnes over the next seven months.

Hopes that a deal would have been concluded last week were dashed because of the miners' strike. In order to prevent it from collapsing altogether, the NCB has offered to replace the shipments with coal from Australia and the deal is now expected to be signed before the end of this week.

It is not yet clear whether the substitute shipments will be made directly from Australia or will be lifted from Australian coal already stocked in Europe.

Some non-British coal will also have to be supplied to the Greek cement industry

The NCB has already started shipping foreign coke to the Chicago Inland Steel Corporation to avoid forfeiting its first contract to the U.S. for more than 10 years.

Plastics industry buoyant

BY CARLA RAPOPORT

THE STRONG recovery in Britain's plastics industry is outpacing the general industrial recovery, according to the British Plastics Federation (BPF).

A BPF survey of 159 companies with combined sales of about £2.5bn has found that almost all plastic processors, machinery makers and material suppliers expect buoyant trade in their sector to continue for at least another year.

The survey shows that the investment famine which has been widespread throughout the plastic processing sector since the beginning of the 1980s is almost over. The BPF reports that a third of the plastic processors increased capital investment over the last 12 months and nearly 53 per cent intend to do so in the next 12 months. The latter figure compares with 21 per cent for industry as a whole.

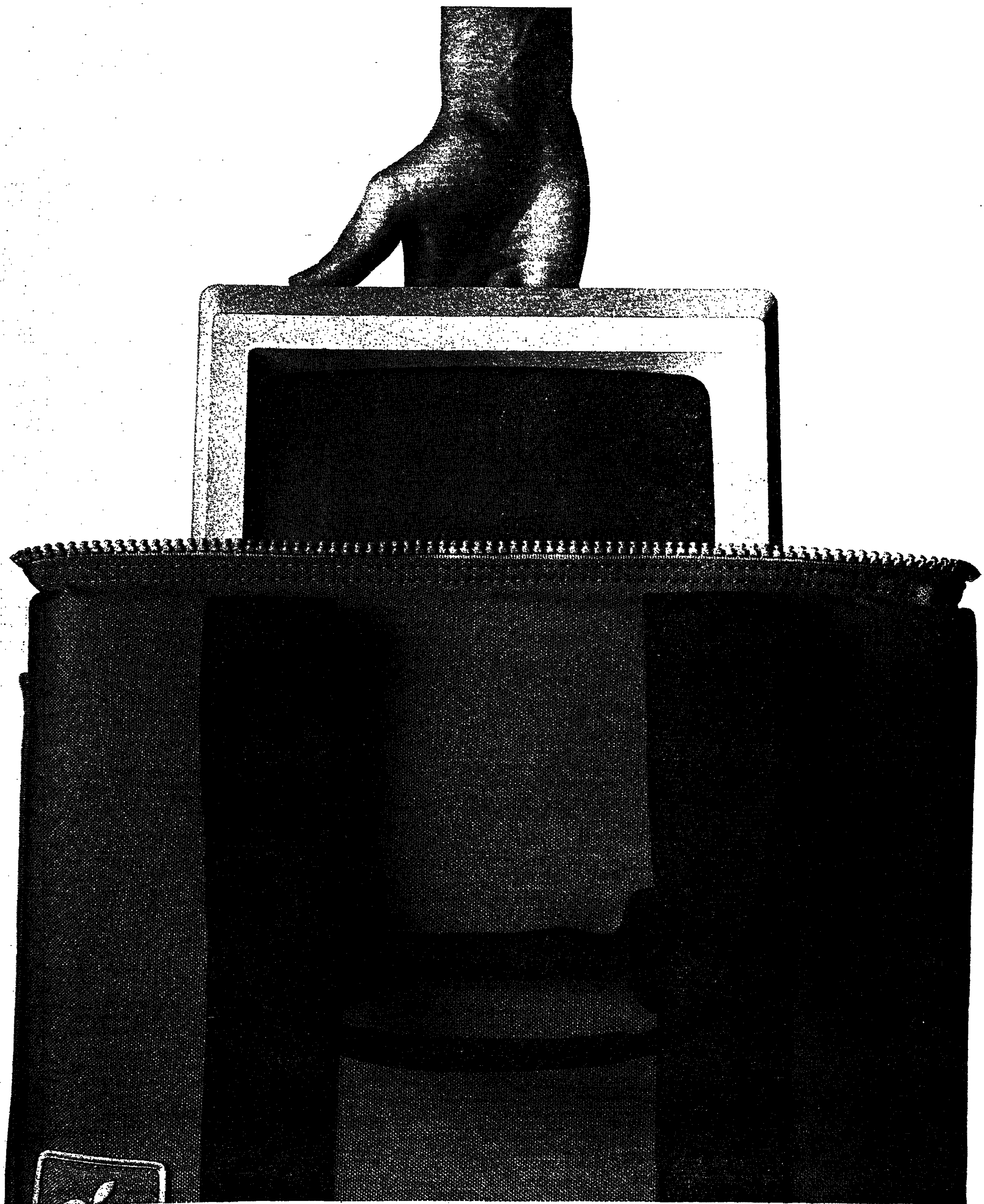
The BPF reports that home sales continue to climb in the plastic sector, together with prices. Real increases of about 5 per cent are expected in prices this year.

The improvement in sales and prices has led to strong recoveries in profit throughout the sector. The strongest recovery has been recorded by machinery manufacturers, which are expected to see further improvements in the next 12 months.

Despite the increase in business, the survey shows that stocks are still at historically low levels among plastics companies. About 40 per cent of materials suppliers still aim to reduce stocks over the next few months.

The survey points out that labour reductions in the sector have not finished, but a "significant" part of the processing and machinery sectors are making moderate increases in their labour forces as a result of the higher utilisation of capacity.

In expenditure planning, the BPF found that processors and machinery manufacturers are primarily investing in the expansion of capacity.



ENERGY REVIEW

BRITAIN'S OIL AND GAS RESERVES

The 'Monte Carlo' assessments

By Dominic Lawson

THE DEPARTMENT of Energy's annual statistical review of UK oil and gas development and prospects—the "Brown Book"—is usually a down-beat affair. But this year's review is still a talking point, almost three weeks after publication.

The reason is that this year the official estimates of oil and gas reserves on the UK continental shelf have risen dramatically. According to the review, there is between 16 and 25 per cent more oil than was calculated a year ago, and between 8 and 28 per cent more gas.

The re-rating was to only a small extent a reflection of better-than-expected performances of existing fields. The chief reason for the increase, particularly in oil reserves, was in completely transformed assessments of "undiscovered reserves"—that is, in fields yet to be drilled.

The people responsible for the revised assessment are the 22 staff of the Petroleum Engineering Division of the Department of Energy, backed up by 70 members of the British Geological Survey, which is partly funded by the state.

Over the past year the two bodies carried out a comprehensive study of prospects on the UK continental shelf, under the the leadership of Mr John Brooks, head of exploration at the department.

Mr Brooks says the British Geological Survey's review of the broad geological trends of the UK sedimentary basins has been on a grand scale. At the same time all North Sea oil companies are bound by law to give the Department of Energy all their well results and their seismic data.

What Mr Brooks's band of geologists have done for the first time is to apply to the wealth of information they have received from the oil industry the method of analysis favoured by the oil majors themselves.

This is the "Monte Carlo simulation," by which all seismic and well data is fed to a computer and the geological structures are then simulated based on a range of variables such as possible porosity of rock under the sea-bed and the ease with which oil could be extracted from them.

According to the department's principal geophysicist, Mr Jim Aitken: "We pretend we have drilled each of the geological structures we have identified. Each structure is simulated at least 5,000 times. One was simulated 50,000 times."

Why was this exercise not carried out years ago? The most basic reason is the changed quality of information.

Also, the past year saw a spurt in the amount of drilling carried out on the UK continental shelf, encouraged by the concessions to the oil industry in the 1983 Budget. With over 2,400 wells having been drilled so far in UK waters, the Department of Energy has built up a formidable data base, which even the leading North Sea companies cannot rival.

Finally, it is only recently that the Petroleum Engineering Division has had the resources, both technically and in manpower, to undertake the exercise—which Mr Brooks says "was a gleam in my eye" four years ago.

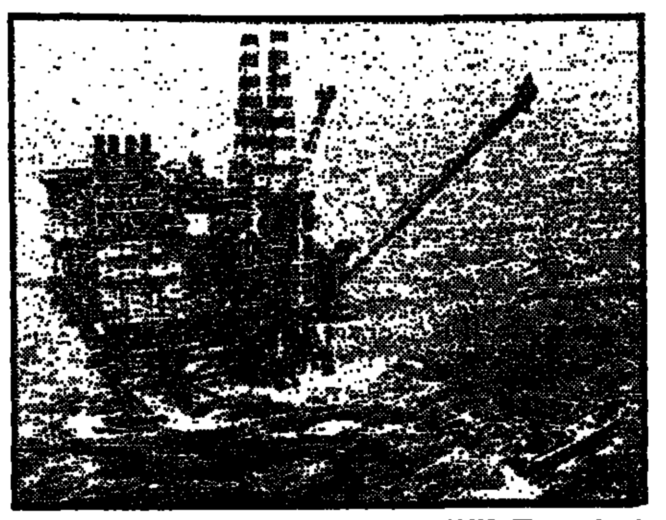
The division took control of the computer needed for the job three years ago. Since then manpower in the department has been at full strength.

The effect of the efforts of Mr Brooks and his team is that their highest estimate of oil waiting to be discovered on the UK continental shelf has jumped from 16bn barrels to more than 24bn. To put that into perspective, the highest estimate of UK oil actually discovered is under 20bn barrels.

The most striking fact behind the re-rating of the prospects for oil discoveries is that it contains no reassessment of prospects in the less explored areas like west of Shetland, west of Scotland, and on land. The great leap forward was entirely down to a recalculation of prospects in the "mature" and much drilled northern North Sea, between 56°N and 62°N.

The previous year's Brown Book estimated that the area could contain between 1.5bn and 5.6bn barrels of hitherto undiscovered oil. The department estimates that the mature northern North Sea could hold anything up to 14bn barrels of "new" oil.

"It will take some explorer to find that," was the comment of one oil company executive, echoing the degree of scepticism that the highest estimates of the Brown Brook have caused. However, no oil company has a data base as complete as the Government's, and the Brown Book itself gives warning that the most likely outcomes can be expected to be considerably below the mid point of the ranges it moots for undiscovered reserves. Despite that caveat, Mr Brooks says that he regards his assessments as conservative and quite capable of being upgraded further.



He points out that the estimate for onshore reserves "takes no account of the recent euphoria about onshore hydrocarbon prospects." He describes the oil discoveries at Wytch Farm in Dorset and Humbly Grove in Hampshire (25 miles away from his home) as "amazing—against all the received wisdom of the oil industry." The story of next year's Brown Book could be a reassessment of the potential of the UK onshore scene, although Mr Brooks is promising nothing.

Similarly the Brown Book contains conservative assessments of the less explored areas of the UK offshore scene, such as west of Shetland and north of 62°N. The evaluation of those areas has not been done a la Monte Carlo, but merely on a general appraisal of the basin potential. Mr Brooks argues that data on these frontier areas "is too small to get a handle on."

The publication of the Brown Book was followed last week with the announcement of the opening of the ninth round of UK oil and gas licences. The oil industry is being given incentives to explore those frontier areas which currently defy scientific analysis by the Department of Energy. However, the eventual licensees for the frontier blocks are unlikely to drill them for some years, so a re-estimate of reserves in those areas is more of a long-term prospect for Mr Brooks's team.

ESTIMATES OF UK UNDISCOVERED RECOVERABLE RESERVES

Area	Oil (m. tonnes)	Gas (bn cu metres, tcf* in brackets)
North Sea 56°N-62°N	450-1900	15-130(0.5-4.6)
West of Shetland	25-350	†
West of Scotland	0-550	†
Southern basin and Irish Sea	0	170-440(6.0-15.5)
Remainder of UKCS	5-475	†
Totals	480-3275	185-570(6.5-20.1)

A tonne of crude oil equals approximately 7.5 barrels
*Trillion cubic feet; †Not assessed

The ninth round will be subject to discretionary awards, except for 15 blocks in the northern North Sea, for which oil companies will have to compete by means of cash tenders. That is the area where the Brown Book came up with its big jump in "undiscovered" reserves. In the eighth round a similar auction of 15 blocks in the same area fetched £33m. But if the oil industry has any faith in the efforts of the Department of Energy's geologists, the Treasury could find the current licensing round much more lucrative than the last.

The new estimates for discovered and undiscovered gas reserves range from 900bn cubic metres to 2,260bn cubic metres. The previous year's estimate ranged from 700bn to 2,100bn cubic metres.

The upgrading of gas reserves appears to back the claims of those oil companies which have argued that the UK's resources are sufficient to make the Government think hard before giving the go-ahead to British Gas's proposed purchase of £20bn worth of gas from Norway's North Sea Sleipner field. However, Mr Brooks cautions against reading too much into his statistical prognosis. "There are only 15 years of proven UK indigenous gas reserves. That's the one fact."

The question of UK hydrocarbon reserves is inseparable from the economic issue of self-sufficiency in energy. Recent oil industry "guesstimates," notably by Shell, have pointed to possible UK self-sufficiency in oil through into the next century.

The Brown Book gives no guidance on this matter, and Alick Buchanan-Smith, the Energy Minister, while describing himself as "justifiably much more optimistic than a year ago" studiously avoids anything approaching a prediction about self-sufficiency.

The Brown Book upgrading does not include geological structures which appear to have the potential for less than 25m barrels each. But the oil industry believes that the story of the UK oil scene for the rest of the century could be the exploitation of such small fields. A discovery of 20m barrels that could be tied into the facilities of an existing field is far more likely to be developed than, say, an isolated 50m barrel field in 500 metres of water. The Brown Book does not address matters of economics directly, although it concedes that not all finds smaller than 25m barrels "would necessarily be uneconomic."

APPOINTMENTS

Managing director for Fairey Marine

Mr Jack Barr has been appointed managing director of FAIREY MARINE, specialist builder of high-speed patrol craft and workboats. He was group managing director of Lake and Elliott. Fairey Marine is an operating company within Fairey Holdings, engineering sector of S. Pearson and Son.

★

STODDARD CARPETS has appointed Mr Stanley Peters as production director. He has worked with the Playtex Group, and more recently with Berlei International and knitters S. H. Mackinon, a subsidiary of Dawson International.

★

Lord Harlech has joined the board of the CARNARVON MINING COMPANY as chairman. Also joining the board are Sir Jack Rampton, Mr Barry Briggs, Dr John Rottenbury and Mr Jeremy P. Gorman. The appointments have been made as part of the arrangements for the proposed flotation onto the USM of the group under the name Clogau Gold Mines.

★

NATIONAL & PROVINCIAL BUILDING SOCIETY has appointed Sir Jasper Hollom to its London advisory board. Former deputy Governor of the Bank of England, Sir Jasper is currently chairman of the Panel on Take-overs and Mergers, chairman of the Commonwealth Development Finance Company, president of the Council of Foreign Bond Holders, director of BAT Industries, and director of Portals Holdings.

★

Mr Niel Symons, formerly group accountant, has been appointed company secretary of MERIVALE MOORE, an associate company of Hill Samuel & Co.

★

Mr John V. Reader (managing director, Alfred Reader & Co) and Mr Ian D. Peacock (managing director, Sports Marketing Surveys) have been re-elected president and vice-president respectively of the BRITISH SPORTS AND ALLIED INDUSTRIES FEDERATION.

★

Dr Waheeb Rizk, chairman of the GEC-Ruston Gas Turbines and of the GEC Diesel Group of Companies, has been elected 1984/85 president of the INSTITUTION OF MECHANICAL ENGINEERS.

★

At PERSONAL ASSETS TRUST (an investment trust managed by Ivory & Sime), Mr Alex Hammond-Chambers, joint deputy chairman of Ivory & Sime, has resigned as a director.

Mr Richard B. Anderson, formerly senior partner of Arthur Young McClelland Moores in Edinburgh, and Mr Robin J. Angus, senior investment trust analyst at Wood Mackenzie, have both been appointed to the board.

★

Mr Terry A. Clements has been appointed managing director of LANDIS & GYR, part of the Landis & Gyr Group. He joined two years ago as deputy managing director to Mr G. E. Robertson who has now been appointed deputy chairman.

★

Mr Robert Wellbeloved has been appointed head of the IBA's station design and construction department. This is responsible for building all transmitting stations and the four regional operations centres for the ITV network, Channel 4, S4C, Independent Local Radio and will be concerned also with building a new VHF/FM national radio network. He has taken over from Mr Harry Boutall who retires next July. Mr Wellbeloved was head of transmission group.

★

ARTHUR HENRIQUES has appointed Mr Richard Williams as director. From 1977 to 1983 he was an executive director of Dominion International Group, the company headed by Mr Max Lewinsohn who has recently become the major shareholder in Arthur Henriques.

★

The BUILDING EMPLOYERS CONFEDERATION has elected Mr Michael Millwood as president for 1984/85. He is joint vice-chairman of John Laing. Other officers elected are: senior deputy-president, Mr John Turner, chairman of E. Turner & Sons; junior deputy-president Mr Peter Horsepool, Ackroyd & Abbott; and chairman, National Joint Council for the Building Industry, Mr Peter Morley. The immediate past president, Mr Bruce Chivers, of W. E. Chivers & Sons, succeeds Mr John Allen as honorary treasurer.

★

Mr Paul Morris has joined CHS PUBLICITY SERVICES, a West Nally Group company, as managing director. Prior to joining CHS, Mr Morris ran his own marketing consultancy, and before that was managing director of British Posters.

★

Mr Andrew Caldecott has been appointed a non-executive director of ICL (UK). He is chairman of the M & G Group and is also on the boards of Kleinwort, Benson, Lonsdale; Blue Circle Industries Electronic Rentals Group; Chloride Group and Whitbread and Co.

★

Mr Boris A. Nachamkin, head of BANKERS TRUST COMPANY'S world shipping division, has been promoted to senior vice president. He is based in London. Mr Allen D. Wheat, head of the capital markets department at Bankers Trust International, London, has been promoted to senior vice president. Mr Jeremy Fillenham and Mr Roger Ward have been appointed managing director and deputy managing director respectively of BT Investment Management.

★

Mr Robert Freeman has joined the board of GRANVILLE & CO. as director in charge of the corporate finance department. He was a senior vice-president in the world corporate banking division of Marine Midland Bank. Mr Tim O'Connor-Fenton has been appointed Granville's East Midlands regional director.

★

G. PERCY TRENTHAM has appointed from June 1 as deputy chairman Mr B. D. Trentham; as managing director Mr Colin H. Bridger. Mr C. H. Stewart Lockhart relinquishes his appointment as chief executive but will remain a director.

★

Mr Iain Dale, managing director of Dale Electric of Great Britain, has been appointed group chief executive of DALE ELECTRIC INTERNATIONAL, parent company of the group.

★

WATERLOW has appointed Mr Ian Phillips as deputy managing director. He was director of forms and professional products at Oyez.

★

Sir John Hedley Greenborough has been appointed chairman of the CONFEDERATION OF BRITISH INDUSTRY'S finance and general purposes committee. He succeeds Sir John Read, chairman since 1978. Sir John Greenborough, who is chairman of Newarthill, holding company of Sir Robert McAlpine Group, was president of the CBI from January 1978 to May 1980.

★

ALEXANDER HOWDEN REINSURANCE BROKERS has appointed as managing directors: Mr A. R. Aubrey, Mr B. Burnside, Mr S. A. Cook, Mr B. G. MacKay, and Mr R. P. Messinger; and as directors: Mr N. C. Belcourt, Mr C. P. T. Cantlay, Mr A. J. Cranfield, Mr R. N. Earthrowl, Mr A. L. Finlay, Mr T. J. Hewett, Mr C. H. Laurie, Mr T. J. McSweeney, Mr D. Profit, Mr M. J. Pulfer, Mr I. S. Rennie, and Mr M. J. White.

★

Mr Peter Smith, chief accountant with West Midlands Gas, has been appointed director of finance for NORTH EASTERN GAS.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The BL Maestro: an element of a product-led recovery plan

How BL sought a peaceful recovery

Philip Bassett on a study of the motor group's industrial relations

"STRIKES faster than British Leyland!" ran the Cup Final placard about a favoured goal scorer. BL's recovery plan of the early 1980s was aimed partly at combating that kind of popular derision, and its more important reflection in the market place.

A new academic study uses a variety of information—including internal BL documents—to look closely at the state-owned car company's strike record, and particularly its changes in collective bargaining.

The study*, by Paul Willman, industrial relations lecturer at the Cranfield School of Management, is the forerunner of a full-length analysis by Willman and Graham Winch called "Technological Change, Management Strategy and Indusrial Relations: the case of BL Cars" to be published later this year.

Table 1 clearly illustrates Willman's conclusion that, overall, "BL Cars improved its strike performance substantially over the six-year period relative to the industry as a whole." Conflict was high in 1975, for instance, when BL's share of trouble was higher than its employment share. By 1982, the position is completely reversed, with BL in particular hit hardly at all by strikes.

As Willman says, there was not a "smooth" and uninterrupted progress' towards this position, but a much more diverse pattern. But how did BL achieve it? And will it continue?

From the trough of the mid-1970s, BL's aim was recovery. That recovery would be product-led, involving large-scale investment in fixed capital—particularly industrial robotics—and new models: the Metro, the Maestro, the Montego.

Uninterrupted production was both a necessary prerequisite for success, and high levels of new plant utilisation for company viability. Stable labour relations became essential to achieving this.

According to Willman's study, BL had two main approaches to reaching this target: external and internal.

Externally, Willman judges BL to have been largely successful in isolating itself from disruption, which in 1977, for example, accounted for about 55 per cent of all BL working days lost through strikes.

Firstly, BL pulled out of the Engineering Employers' Federation, removing one possibility of involvement in disputes which did not originate in the company. Secondly, part of Sir Michael Edwardes's strategy of reform as BL chairman involved much tighter control over the quality and reliability of components suppliers. Willman suggests that through precise decisions on sourcing, BL was able to avoid contacts with strike-prone firms.

Table 2 shows how dramatically effective this element of the strategy was, cutting back to immeasurably small levels losses arising from external sources.

Internally, BL's strategy had two main arms: the reform of its collective bargaining, and completely altering working practices. In 1976, BL Cars had 58 bargaining units for manual workers alone.

BL's response, prompted in part by the bitter toolmakers' strike of 1977, when craftsmen, angered over differentials, sought corporate bargaining, was painfully to negotiate, and then finally impose, a group-wide pay structure, involving job evaluation and plant pay parity. This largely solved the problem of local wage disputes, shifted all the hourly-paid staff to a common settlement date of November, and led to the much more stable two-year pay deal reached in 1982 which does not expire until November this year.

The second tactic was the re-establishment of managerial control over manning and working practices. Before 1977, BL plants generally operated a system known as "mutuality." This mean that if the management wanted to change working practices, it had to seek agreement from the shop stewards. If agreement was not reached, the status quo was to be observed until it was—a recipe for industrial relations stagnation.

To cut through this, BL introduced wide-ranging new proposals—known as the "Blue Newspaper" plans (from the paper on which they were circulated to employees) "specifically to remove employee and trade union influence," according to Willman, over issues such as standard times for jobs, manning levels, and job mobility, which were now not open for negotiation.

Buoyed up by such clear victories as the sacking of Derek Robinson, the Longbridge convenor, the Blue Newspaper proposals, like the new pay structure, were eventually imposed in April 1980. Despite vocal union opposition, 29 out of 31 working practices identified by BL at Longbridge as in need of change had been eradicated within three months; throughout the company, most changes were effected within a year.

The study notes that at least partly because of this process of reform, BL managed to avoid the major pay disputes which characterised several other major motor manufacturers in the period, such as Ford, Vauxhall and Talbot.

The results were dramatic, though Willman warns that other factors, such as high demand for the company's new products, new investment and organisational changes, played a part.

Even so, productivity, which up to 1980, had been falling, turned sharply upwards. In the Cars group, the figures are striking: output in 1980 was 5.59 vehicles per man-year, rising to 7.45 in 1981 and as high as 14.2 in 1983, according to the company.

The study is less than sure that this stability will last, and the recent rash of disputes at Cowley and Longbridge and the current workers' sit-in at the Bathgate truck plant, which is facing closure, may bear out that scepticism.

William warns that the bonus system operating in the two plants—at the heart of both the recent disputes there—could be a source of conflict. Further automation, though much more minor than the large-scale retooling exercises of 1979-82, could also pose problems.

In conclusion, the study comes out with the judgment that the radical changes in the company have been successful—but that view is only tentative.

One argument is that renewed conflict will explode in the company when the opportunity presents itself. The other is that the reforms would lead themselves to conflict, as they did, but that it would be once and for all.

"The avoidance of major disputes at Longbridge in 1982-83 would seem to support the latter view," Willman writes, "and thus the argument that the whole reform package has been a success." In any event, he concludes, "the package has permanently altered the nature and extent of BL's strike problem."

* *The reform of collective bargaining and strike activity in BL Cars, 1976-182. To be published in Industrial Relations Journal, Summer 1984, Vol 15 No 2.*

TABLE 1

BL AND THE MOTOR INDUSTRY: DAYS LOST THROUGH STRIKES

Working days lost (000s)

	BL Cars	All motor vehicles	BL Cars as % of all motor vehicles	BL Cars' employment as % of all motor vehicles
1975	300.1	824	36.4	28.7
1976	323.1	785	41.2	27.4
1977	848.8	2,745	30.7	31.4
1978	253.9	3,362	7.6	25.5
1979	374.4	3,004	12.5	23.6
1980	337.8	436	77.5	22.3
1981	300.8	749	40.2	23.2
1982	14.1	551	2.6	18.4

TABLE 2—BL: STRIKE LOSSES 1977-82

	Man-days lost (million) Internal	External	Total	Vehicles lost (000s)
1977	1.85	1.53	3.38	251.5
1978	1.25	0.06	1.31	131.3
1979	1.69*	0.16	1.85	123.8
1980	0.44	0	0.44	51.7
1981	0.38	0	0.38	44.8
1982	0.28	0	0.28	9.7

* Includes losses from national engineering strikes.

Expatriate adminisration

A streamlined approach

BY ARNOLD KRANSDORFF

SENDING employees abroad can be a time-consuming and complicated administrative process, as any personnel manager will confirm.

First of all there is the contractual side which probably includes agreeing a string of special provisions depending on the individual's personal situation and the particular foreign destination.

For example, the employee concerned may well have a child or children, in which case the company would probably agree to pay an allowance for school fees. Equally, the employee's salary would almost certainly be linked to the local level of inflation and the currency exchange rate.

Usually, the employee's salary is reviewed perhaps once or twice a year if the economic conditions in the foreign country are relatively stable. When conditions are volatile—as, for example, in Brazil and Israel—the employee's monthly salary cheque might have to be revised up to eight times a year.

Most large companies with many expatriate staff use a computer to try to keep track of changing economic and other circumstances. Generally, a computer holds records of individuals, but the personnel department still has to do a lot of research into local conditions abroad and then revise salaries accordingly.

For instance, Ericsson, the Swedish telecommunications giant, has found that its 800 expatriates living in 54 different countries have been keeping its personnel department in Stockholm busy for a disproportionate amount of time compared with its 65,000 other workers. The groundwork for a typical revision for each of the company's outposts might take a day.

For this reason Ericsson will be a prime user of a new package developed by the Swedish subsidiary of Price Waterhouse, the international accountants, on behalf of SAF, the Swedish employers' confederation. SAF had found itself being questioned about conditions of employment overseas and asked Price Waterhouse to help it supply its 37,000 members with information on salaries worldwide.

After investigation, Price Waterhouse suggested that it would be more economical to develop a comprehensive expatriate administration system that SAF could offer to its members.

Price Waterhouse claims that the package, called Caesar, requires no computer expertise and can be implemented in a few days.

In Ericsson's case, Caesar will be used on a minicomputer which the company is now installing. Its database will contain information on cost of living and salary rates which will be fed in quarterly by Employment Conditions Abroad, the UK-based business information specialist in international salary surveys, and Business International, its U.S. equivalent. Price Waterhouse will provide details of changing tax rules around the world while Ericsson itself will key in information on exchange rates provided by its bankers on a monthly basis.

Ericsson estimates its invest-system for several of its overseas expatriate bases but when it is working fully later this year the company hopes it will cut the personnel department's workload by half. "It should extend the scope and quality of my function as well as make it easier to operate the company's new decentralised policy," says Nils Svennson, senior vice-president, personnel.

Ericcson estimates its investment in the new package to be about SKr 200,000—equal to the cost of one man year. Running costs could be an extra SKr 84,000 a year.

The system is also being installed at SE Bank, Sweden's largest commercial bank, which has about 50 expatriates on its books, and negotiations are currently under way to install it at ASEA, the large heavy engineering group, and Saab Scania, the car, truck and aircraft manufacturer.

Management abstracts

Strategic management for the eighties. F. W. Gluck in The McKinsey Quarterly (U.S.), Summer '83

Warns that successful companies in the future will not be those that merely adapt to change, but those that aggressively anticipate and exploit it, discusses the associated revolutionary changes needed in management behaviour and thinking, and considers the implications for corporate planning.

Managers, their wives and relocation. J. Marsh and C. L. Cooper in Leadership and Organisation Development Journal (UK), vol 4 No 1.

Discusses findings of a survey on company policies towards relocating existing and newly recruited managers, which concludes that a key reason for managers refusing relocation is concern over children's education. Sees family ties, housing and partner careers (if any) as secondary considerations, but predicts that partner career is increasingly likely to play a more significant role.

The long-term pay agreement. J. Benson in Personnel Management (UK), Oct '83: p. 36 (3½ pages)

Explains Scottish and Newcastle Breweries' decision to move away from separate annual pay negotiations with different bargaining groups in an attempt to secure a more rational pay structure and more flexible working practices via an agreement that would extend over a period longer than a year; reports how this was achieved in return for the company's commitment to harmonisation, involving the standardisation of elements of pay and benefits across the board.

Marketing and Finance—Working together. G. Stainer in The Accountant's Magazine (UK), January 1984.

Considers this interaction between finance and marketing departments can be missed through poor communication and misunderstandings; suggests that finance should assist marketing in the writing of plans and the allocation of responsibilities, and that it should also provide relevant information on product and customer profitability and on the use of marketing resources.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles maye be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 13, Wembley HA9 8DJ.

THE ARTS

Duckin' n' Divin'/Bubble

Martin Hoyle

Buoyantly undefeated by last year's financial crisis, Bubble is bobbing on Blackheath, in south London, off Prince of Wales Road, where a cheerily partisan audience braved wind and rain on Saturday night to enjoy the company's characteristic blend of beer-tent uproariousness, music-hall and comic-strip didacticism.

Tunde Ikoli's play reflects the extra emphasis on community theatre that underlines Bubble's current funding, including contributions from individual London boroughs. *When a local*, now a rock star, returns to make a promotional video in his old tower block home, the racially mixed tenants band together to express individual aspirations and incidentally discover a sense of community. The finale shows black, brown and white united in an ironically-named group, Thatcher's People, ominously singing that "people are tigers in disguise."

The show's charm owes much to the musical numbers of *Paddy Cunneen (catchy tunes)* and Bob Eaton (articulate lyrics) that insult neither ear nor intellect. *Self-pity* is absent—indeed, is subjected to satire, as is the black-baiting policeman, good-humouredly depicted as merely insecure (though mocking a stutterer is *perhaps* needlessly unkind). The polemics are sophisticated enough to counter Dougal Lee's jovially Garnett-like bigot of a *paterfamilias* with a prickly Pakistani, bristling with cultural pride and rigidly fixed in his own social and sexual prejudices.

The author tries to combine two different problems in one character when this London-born Asian bitterly affirms that "this is my country" and prepares to retaliate against *racism—perhaps too schematic* to illumine either anti-immigrant violence or the self-willed education apartheid of, say, Bradford Asians.

The entire cast turns its hand to singing and playing under Diane Adderley's musical direction (she also provides a brow-beaten housewife who throws her sexist husband out after years of being bullied). Winston Crooke's pop star, cynically setting lines like "Depression and decay—I can make it pay" to cheerful gospel sounds, is authoritative; and Lou Sexty, doubling as policeman and video producer in search of glue-sniffers ("a wonderful image of despair"), reveals great comic potential. This week: *Caucasian Chalk Circle.*

Leicestershire Schools SO

Andrew Clements

The Leicestershire Schools Symphony Orchestra gives a concert in London every year, but can rarely have brought such an uncompromising programme as it presented at the Royal College of Music on Monday evening. The orchestra's involvement with contemporary music is well known, but to include the first London performances of three substantial works, one of them commissioned, was a remarkable achievement for any youth orchestra.

It's hard to believe that the surge of interest in Elliott Carter in the last 10 years has not before engineered an airing here for his ballet music *Pocahontas*, his first orchestral score completed in 1936 for Lincoln Kirstein's Ballet Caravan. On its premiere it had the misfortune to be paired with Copland's *Billy the Kid*, and could never hope to outdo that work in popular appeal. The Leicestershire SSO conducted by Peter Fletcher gave a suite of the music, four movements; I doubt if anyone would have guessed their composer. The populist style demanded of American composers in the 1930s never came easily to Carter, though he gradually assimilated its basic premises; here though the lack of clean, neoclassical outlines, the rather awkward harmony and over blown scoring weigh the scenario down far too heavily.

Dallapiccola's symphonic fragments from the ballet *Marsia* similarly do not qualify as a fully mature and representative work. The ballet was written in 1942 and 1943 and first performed five years later. His style was then hovering between tonality and 12-note technique and the uncertainty of idiom perhaps accounts for the grey neutrality of the score, lacking striking melodic ideas and sharply characterised movements.

Douglas Young's *Lament on the Destruction of Forests* for sitar and orchestra was the commissioned work. The sitarist Debu Chaudhuri visited the county for three months last year and elicited the piece from Young. It's based on a Punjabi melody heard on the solo sitar at the opening and is taken up and elaborated by both soloist and orchestra, producing some striking passages for both partners. The problem is that Young never resolves the difficulty of juxtaposing the two traditions; eastern and western music proceed in parallel stream, without any meaningful interactions.

Ralph Kirshbaum/Wigmore Hall

David Murray

Of perfectly normal length, Mr Kirshbaum's programme on Saturday was dense with great music—the cello sonatas of Debussy and Elliott Carter and the cello version of Franck's Sonata in A and he went some way toward persuading us that Beethoven's early Variations on "Ein Mädchen oder Weibchen" belong in the same category. Kirshbaum was in distinguished form, even elevated, playing with marvellous ease and precision while lavishing insights upon his music. His accompanist was Roger Vignoles, who for all his familiar virtues remained too much an accompanist: Carter and Franck expect two decisive solo performers, not one and a faithful sidekick. Vignoles collaborates *brilliantly with singers*, but isn't so assured yet in duo-sonatas.

Their Beethoven was done with shining simplicity, no variation allowed to seem consciously coloured, but none lightweight or offhand. The cello is given plenty of accompanying parts, and though Kirshbaum never pushed them forward they all sang. In the big Carter Sonata, Vignoles' intelligence generally compensated for a slight want of authority (not force — in fact the piano sometimes concealed the cello unduly), and Kirshbaum was immensely searching and serious. A fine undercurrent of anxiety was a vital *factor in the scherzo;* the Adagio developed grandly, with utter conviction and gorgeously sombre tone. Kirshbaum set the "Pierrot" aspect of the Debussy Sonata to the fore — mercurial inversions of mood, ironic grimaces, memories of sad ballads. The stammering Serenade was a *tour de force.*

Television/Christopher Dunkley

A message from Room 194

Dateline Banff, Canada

Given that the Banff Springs is not only one of the world's great hotels but set in some of the most astonishingly dramatic scenery—right beside the Bow River Falls, bang in the middle of the Canadian Rockies, with views from every window of immense snow-topped mountains and sheer river valleys full of white water—it may seem perverse to have spent six days of last week in Room 194 reclining on a chaise longue for 12 hours a day with the curtains drawn and the television on.

That, however, was the fate of the four men from four countries (sharing the flickering twilight with me were Michel Cournot of France, Claude Fournier of Canada and Neil Hickey of the U.S.A.) who formed the jury at this year's Banff Television Festival. Started in 1979 the festival has quickly become one of North America's most important international programme events and this year, according to Carrie Hunter, organiser and mainspring of the whole affair, 375 programmes were entered in 10 categories ranging from "Outdoors And Wildlife Documentaries" to "Children's Programmes" and "Fine Arts."

European television festivals often specialise: light entertainment at Montreux, children's programmes in Berlin, and wildlife in Bristol, for instance. Banff has thrown itself open to just about everything other than sport and news, offering a wider scope than practically any other prize festival including the Prix Italia, daddy of them all.

In terms of prestige the Italia is no doubt still the award that most serious programme makers would like to win, and an American Emmy is probably still the most useful commercially. But the Italia is run by the major state broadcasting organisations (Italy's RAI, Britain's BBC and so on) and America with the shamefully blinkered attitude of its networks rarely bothers to take any notice of foreign programmes, even those made in English. Consequently Emmys can hardly be considered "international" in any serious sense.

But the Banff festival with its typically Canadian attitude of "Come one, come all," and its happiness to judge the programmes of the tiniest independent companies against those of the biggest national corporations is carving itself a unique niche in the rapidly expanding world of television. No one has ever accused Banff of allowing either politics or "Buggins' turn" to influence its awards (which is more than can be said for some festivals) and the rapid multiplication of entries is the result.

Indeed, if the organisers *had not switched their dates* from August to May between last year and this, cutting the time available for Jerry Ezekiel, the director of programming, to travel the world gathering entries, there would doubtless have been even more, and when the festival settles down to its new June dates next year the jury will presumably be obliged to spend even longer in the blue gloaming.

Yet however long one has to watch, quality always comes through. It is like the princess and the pea; no matter how many layers of material you pile on top of it, that little bump of quality will still make itself felt. Thus although we had already watched 16 fine arts programmes (ranging from London Weekend's excellent *Baryshnikov, The Dancer and The Dance* to Czechoslovakia's unusual *Karel Soucek* using only music as a counter part to Soucek's paintings) when we came to Hungary's *Seven Deadly Sins* there was immediate unanimity regarding the quality of this highly stylised version of the Brecht-Weill fable. There were two more entries in that category, but the Hungarians duly won the Best Fine Arts Programme prize.

Awards also went to West Germany for a charming children's programme called *Post for Tiger* which used animation very cleverly, to ABC Australia for *Never Stay in One Place* which won the prize for Best Outdoors or Wildlife Programme since it married together so artfully the animal aspect of the natural world with man's own influences, and to RTE of Ireland for its wry and self-mocking World War II drama series *Caught in a Free State*, which was shown in Britain on Channel 4.

But the main winners were Britain, Canada and the U.S. The British by winning three outright prizes (Best Limited Series for Central Television's *Kennedy*, Best Continuing Series for Thames Television's *Rumpole Of The Bailey*, and Best Comedy for BBC Scotland's *A Kick Up The Eighties*) and a share as co-producers in the Best Of The Festival award (Philip Roth's *The Ghost Writer* produced by WGBH Boston and

A winning team: Leo McKern as Rumpole and Patricia Hodge as Phyllida Trant in the award winning series, "Rumpole of the Bailey."

Britons Adrian Malone and Richard Gill in association with the BBC) could be considered this year's most successful competitors.

The Ghost Writer with an intriguingly multi-layered and doubtless powerfully autobiographical script, subtle yet very specific direction from Tristam Powell, superb lighting camera-work, outstanding acting from its four main protagonists (Sam Wanamaker, Claire Bloom, Mark Linn-Baker and Paulette Smit) and sparse use of mood music would be a worthy winner at any festival.

Adding that to Big Bird In China from the American Children's TV Workshop which won the Best Children's Programme prize for its amusing and informative (yet not didactic) 72-minute special about China with "Big Bird" from the Muppets as explorer-host; and then adding on again the Special Jury Award to America's *Adam*, a powerful (indeed heart rending) drama-documentary about child kidnapping, it becomes clear yet again that the common *European idea of American* television producing nothing but game shows and situation comedies is indeed a canard.

What is more, sitting on that jury and seeing many other American programmes ranging from *Hill Street Blues* to a 96-minute single drama called *Something About Amelia* which contrived to deal sanely with incest in a programme aimed at a mass audience, it seemed clear that although American television drama may once have lagged behind British drama in terms of hard-hitting social realism, it is catching up fast.

Furthermore the Americans are (unsurprisingly) quite capable of copying anything else the British do successfully: among the best of the programmes which did not win awards were *Not Necessarily The Year In Review* looking exactly like *Not The Nine O'Clock News*, and *The Crisis Game*, a round-table enactment of a "hypothetical" crisis using real politicians in precisely the manner developed by Granada's Brian Lapping over the past six years.

On the other hand Britain still shows no signs of matching America's traditional strengths in the key area of outdoor action series . . . and nor does any other country. Hence the fear, strongest of all in the neighbouring nation of Canada, that — willy nilly — America will one day come to dominate television throughout the free world. During the seminars which competed with programme screenings for the delegates' time in the second week of the festival we heard much ominous talk about the total deregulation of television in the U.S.

"Darwinian" is the word being used to describe the radical but now dominant American broadcasting philosophy which will allow a thousand systems and programme companies to flourish—cable, pay-TV, satellite networks, whatever — with success being decided solely by the survival of the fittest.

Judged in terms of prizes at Banff the Canadians looked pretty fit. They won the Best Drama Special award for a two-hankie weepie called *In The Fall* about a family's much-loved horse being taken away for mink food, a film shot on prairie locations in wonderful low-slanting sunlight. They won the *Best Light Entertainment* award (admittedly the least impressive category) for an unusually imaginative and pretty production of *Romeo and Juliet on Ice*. And they won the Best Social/Political Documentary *prize* for a short and deeply felt programme called *The Gurkhas of Nepal*, exploring the unique relationship between the Asian hillmen and the British Army. In a long tradition of Canadian documentaries it was beautifully photographed.

However, while Canadian programme makers may be rightly proud of the strength suggested by such success, many of them are deeply uneasy about the possibility of maintaining a truly Canadian television service (leaving aside the difficulties presented by Canada's corporate identity crisis) if national policy continues in its traditional manner.

The Canadian government says that as a free people valuing *the free flow* of communications they will not —even supposing they could— erect an electronic curtain to keep out American television signals. The difficulty is that however admirable that adherence to the principle of freedom may be it could mean the Americanisation of all Canadian broadcasting and the dissolution of the one phenomenon (television) which promised the possibility of replacing the Canadian Pacific as the unifying factor in a vast, young, and diverse country.

Only last week an opinion poll revealed that 81 per cent of Canadians want unregulated access to American television, and when you drive along the Trans-Canada Highway today you see as many front gardens with domestic satellite dishes as with dog kennels. There is no doubt that the programmes most are pulling out of the sky are American: today only 5 per cent of the drama broadcast on Canadian television is Canadian, and the proportion of Canadian drama watched by Canadian viewers is even lower.

Aubrey Singer, recently retired managing-director of BBC Television, predicted that Canadian television would succumb to the American cuckoo, and went on to warn of the "Canadianisation" of European broadcasting after that. It seems a pessimistically apocalyptic view, but even if it does start to happen does anybody in a free society have the right to try to stop it except by persuasion?

"Winnie"—a £1m musical

A new £1m stage show about Winston Churchill called *Winnie* and set against the background of an ENSA forces entertainment concert party at the end of World War II, will open at London's Victoria Palace in October—with Robert Hardy, who portrayed Churchill in TV's *The Wilderness Years*, in the title role.

Described as a play with music, it will have a cast of 35, including singers and dancers.

The Cherry Orchard/Leicester

Michael Coveney

Since taking over as artistic director at the Leicester Haymarket, David Aukin has collaborated on three West End projects — *Passion Play*, O'Toole's *Pygmalion* and *West Side Story*—but he shows a more characteristic homegrown hand with this clear, cool, decent but in the end unexceptional version of Chekhov's indestructible masterpiece.

Many of Aukin's former Hampstead Theatre colleagues are involved. The director is Nancy Meckler, the designer John Byrne, both of whom are now associate directors at Leicester. The unassertive translation is by Pam Gems (based on Tania Alexander's literal preparation)—it does not seem to contain any view of the play as do other recent versions by Trevor Griffiths and Michael Frayn—and the cast includes Susan Engel as a disappointingly lightweight Ranevskaya, Marty Cruickshank as a curiously self-pitying Charlotta, Godfrey Kenton as a fussily inaudible Firs, Hilary Dawson as a spinsterish little Anya, Robert Glenister as a wimpishly earnest Trofimov.

The pleasing green carpet-cum-lawn is dominated by a succession of French Impressionist impressions by Mr Byrne, the Tom Keating of stage design. They are beautifully executed and gilt-framed; a pointilliste portrait of the younger Ranevskaya and her brother in sailor suits for the nursery; a receding tree-lined avenue in the style of Corot for Act 2; and a transparent gauze of Monet lilies overhung with cherry blossom as a sort of giant screen for the third act.

The overriding mood, however, stops short of the rushing emotionalism of the play. Miss Engel, for instance, establishes that her return is an act of atonement for her Parisian interlude ("I've finished with Paris," she says, quietly and briskly tearing up the unopened telegram). She palpably enjoys the dodderiness of Firs, the spongeing obullience of Jack Lynn's *narcoleptic old Pischik*, her brother's speechifying. But the emotional transitions between tears and laughter are unconvincing.

On the credit side, Nick Stringer is a very good Lopakhin, delivering his warnings with the concern of one anxious to make capitalism sound compassionate; Anthony Allen is a smirkingly unpleasant Yasha; Linda Bassett a movingly red-eyed Varya; and Hazel Ellerby a doughtily single-minded Dunyasha, *dumping* Yepichodov's overtures at his own feet along with his bungled bouquet and leaping joyfully after the cruelly unimpressed Yasha.

Yepichodov, here awkwardly nicknamed "One foot in a cow pat," is given the performance of the evening by Alfred Molina who combines hilarious physical prowess with heart-breaking, lap-dog devotion to Dunyasha. He falls backwards over the chaise longue before demolishing the table, a disaster that comes out of thin air and is executed without strain. In act 2, the gun with which he intends to shoot himself is slipped into his trousers and promptly slides down his inside leg to rap him painfully on the ankle. His sentences tail off in a flurry of desperate curlicues ("Permit me to venture to assert that . . .") and he fixes the unwittingly crushed hatbox of the departure scene with a withering stare of helpless resignation.

There is also a very fine, drily detached Gayev from Benjamin Whitrow, whose suggestion that the distant twang could be a bird, a heron perhaps, earns incredulous laughter from the audience. Hiding behind his ingeniously pompous remarks and snooker table mutterings (I have an uncle who, in the middle of an ordinary conversation, will practise a golf swing) is a sensitive, decent man. His final reminiscence at the windowsill is suddenly unadorned and very touching.

A Study In Scarlet/Swindon

B. A. Young

Conan Doyle's book, the first of the Sherlock Holmes stories, is only half about detection. In the middle there's a long flashback that takes the action from Baker Street to Utah 20 years before. Christopher Martin's adaptation for the Orchard Theatre Company flicks between the two places and the two times. Using a plain empty stage for the most part, and being unashamed to have his actors turn from one character into another in the middle of a scene, if needed, this presents Nigel Bryant, the director, with no difficulty.

Naturally, the emphasis is on Sherlock Holmes; Holmes and Watson are more interesting than Brigham *Young and the* Mormons. William Chubb's Holmes owes nothing to the recognised pattern, and logically there's no reason why he shouldn't simply take what is in the book and develop it as he likes. I'm surprised that his high, excitable voice and habit of muttering to himself as he plies his tape measure and glass weren't noted in Watson's records, but they don't contradict anything.

The story of Jefferson Hope's double revenge on Enoch Drebber and Joseph Stangerson for their treatment of John and Lucy Ferrier is presented almost entirely in Conan Doyle's words, both narrative (through Watson, of course) and dialogue. Sixteen characters are played by seven players; the company scores good points for fidelity, less for depth. Characters like the rival inspectors Gregson and Lestrade, and young Wiggins the street Arab, have to be created in a flash and left in the ice box while their creators become Drebber and Stangerson and Lucy, and it's inevitable that a touch of parody *should emerge*. But I liked Martin Reeve's Watson, still young, his left arm held awkwardly because of his wound in Afghanistan, and I admired Gina Landor as Lucy, Wiggins and Alice Carpentier.

The company sweeps around the West Country, one night at a time. In the current week, they are at Launceston, Okehampton and Ilminster, before moving to the Bath Festival.

Saleroom

A world record auction price for a toy of £28,050 was paid at Sotheby's in London yesterday for a Marklin tinplate model of "The Rocket," made in Germany in 1909. The train, with tender and carriages, was estimated at around £10,000 and went to the Alexander Gallery of New York.

The previous best price for a toy, £17,875, was paid in New York a year ago for a model of the Lusitania, also made by Marklin. Other high prices at the auction were the £8,250 for a cast-iron "girl skipping rope" mechanical bank, made by Stebens and Co. in the U.S. in the late 19th century, and £2,420 for a collection of Noah's Ark animals made in Bavaria in the mid 19th century.

On June 16, on a Saturday, Sotheby's is disposing of the Biemann collection of European glass, which should total £800,000 for 250 lots.

The finest items are a forest green German roemer of 1620, with portraits of soldiers, which should realise £30,000.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 25–31

Theatre

LONDON

A Streetcar Named Desire (Mermaid): Sheila Gish gives the performance of her life as Blanche Dubois in Alan Strachan's excellent revival, first seen last year at Greenwich. Tennessee Williams's emotional roller-coaster of a play amounts to one of the best evenings in town. (930 6123).

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (930 2578).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 *sendup of Russian ballet tours*, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright *Neil Simon* can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as audi*tions rather than emotions.* (239 6200).

Carmen (Vivian Beaumont): Peter Brook has done an excellent job in transforming this Lincoln Center landmark into a spruced-up version of his grubbier Paris Bouffe du Nord home for a fast-paced, stripped-down seven-performer, but wholly engrossing version of Bizet. (874 6770).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, arrived on Broadway in a cast headed by Jeremy Irons and Glenn Close, directed at a fast clip by Mike Nichols. (239 6200).

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000).

WASHINGTON

Henry V (Folger): Philip Kerr directs the resident acting company led by Edward Gero as the charismatic Henry to the field of Agincourt, facing John Wylie as King Charles, Marjory Wright, the wife of the British Ambassador, plays Mistress Quickly. Ends July 1. (546 4000)

Happy End (Arena Stage): The final production of the subscription series is the Brecht-Weill musical with a cast of 24 directed by Garland Wright. Originally the sequel to Threepenny Opera, set in Chicago in 1919, it stars Marilyn Caskey as the Salvation Army soul saver. (488 3300)

A Summer's Day / Dramaten

Ossia Trilling

The Polish dramatist Slawomir Mrozek was so enamoured of the performance of his play *The Ambassador* given by members of Dramaten, the Royal Dramatic Theatre in Stockholm, that he offered to write a play specially for them. The result was a two-acter by the name of *A Summer's Day*. It was directed by Gunnel Lindblom, once a favourite actress of Ingmar Bergman and his assistant in the theatre, and now a leading director, both in Sweden and abroad, in her own right. And three of Dramaten's top performers can be seen in the play's three roles.

Mrozek's plays are regularly performed in continental Europe, not least in Poland. Only Britain seems to have largely neglected him, since the Royal Shakespeare did Tom Stoppard's translation of his *Tango* at the Aldwych in 1966.

The National Theatre production of his *Emigres* provides a clue to his thinking in his latest "absurdist" tragi-comedy. There, in a two-hander, a dull-witted proletarian and an educated bourgeois – confined in a symbolic prison-cell – argued around the philosophical question of survival. In *A Summer's Day*, two similar characters, meeting by chance at a seaside resort in an unspecified European country, engage in a similar debate, which is steered into unforeseen directions by the arrival of a seductive young blonde endowed with beauty and brains in equal measures.

Mrozek, who now lives in Paris, had told a Stockholm interviewer that he could now identify his many models. But could he have had *Waiting for Godot* in mind, when writing *A Summer's Day?* True, his impersonal heroes have no names, but his proletarian (Mr 1) is an unmistakable music-hall clown, and Annabella Carlander (who cleverly suggests movement in time and place with her swinging stage-flats) dresses him as one. He also tries to hang himself on the grounds, as he tells his snobbish interlocutor (Mr 2) who likes burying his head in a quality newspaper, that life's rebuffs have brought this incurable optimist to this pass. Jan Malmsjo and Lars Amble impersonate them to perfection.

*Mr 2 turns out to be a highly suc*cessful businessman, who despairs of ever failing in anything, the very opposite – or the complement – of Mr 1. They inevitably become rivals for the hand and heart of the Lady (Marie Goranzon). She goads Mr 1 with all the art of the calculating siren, only to abandon him for her intellectual equal, Mr 1's sparring partner, a past-mistress of the unmistakable come-hither look, unmistakable except by dull-witted *proles like Mr 1*. A non-swimmer, Mr 1 is ironically lured into essaying the waters which engulf him.

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Wednesday May 30 1984

Freer access to Japan

JAPAN'S announcement yesterday of a series of measures to deregulate its financial markets was clearly timed to help sweeten its relations with the other six countries at next week's economic summit meeting in London.

By acceding to U.S. pressure to make the yen more available to international investors, the Japanese Government has strengthened its moral case for a more urgent assault on trade protectionism. With a current account surplus estimated unofficially to be about $35bn this year, Japan also has an important interest in showing the world it means to allow foreign banks freer access to its own markets.

International pressures have been working in powerful concert with domestic arguments for decontrol of the highly compartmentalised structure of Japan's financial system and its tight control over interest rates. This is because the three broad aspects of financial reform now being discussed in Japan are closely intertwined. They are: measures to make the yen more available internationally; decontrol of domestic interest rates and financial markets; and measures to give foreign institutions more access to Tokyo markets.

Yen base

Yesterday's announcement promises, for example, that foreign banks will be freer to compete for deposits by the issue of yen-denominated Certificates of Deposit in Japan. This will make it easier for them to build up a yen base for doing business in Japan, but it will also have an effect on domestic interest rates. However, the Bank of Japan has been arguing for some time that the country cannot expect to insulate itself as much as in the past from world interest rate pressures.

The most pressing reason is that in 1985 and 1986 the Japanese government faces a large funding problem when a "hump" of 10-year debt will need to be financed in addition to a budget deficit which is relatively as large as that in the U.S.

The traditional method of selling 10-year bonds to the Bank of Japan at below market interest rates is coming under increasing strain. The commercial banks, to whom the bonds are off-loaded, are now able to sell maturing bonds to the public at market rates, and have therefore become more resistant to the purchase of expensive new issues.

Moreover, the era of small budget deficits with a chronic shortage of funds in the corporate sector is now seen to be over. Slower economic growth has reduced the need for industrial investment. The corporate sector, now flush with funds, has been pouring its cash overseas, mainly into U.S. Treasury bonds.

This capital outflow, which reached $34bn last year, has helped to counterbalance the enormous trade surplus at a relatively low exchange rate; but in the next two years, the Japanese Government will need to divert at least some of that flow into its own funding effort. The obvious conclusion is that it will have to raise interest rates to achieve this, although there is still evidence of some reluctance in the Ministry of Finance to bite this bullet. Yesterday's announcement described only a gradual progress towards a more diverse and market-orientated funding policy.

Gradual progress is indeed the hallmark of all the measures, and there appears to be a consensus from the Socialist Party to the ruling Liberal democrats that a slow pace is the best one. Where regulations are abolished, the Japanese practice of giving strong "guidance" to its institutions will ensure that no earthquakes are allowed to occur.

For this reason the initial idea of the U.S. Administration that financial liberalisation would push up the yen now seems highly questionable. In the near term the present consensus seems to be that the measures will make little difference.

Uncertainties

Beyond that, the horizon becomes blurred by uncertainties about U.S. policy and the markets' perceptions of Japan and of the yen as an alternative safe haven compared with the other major currencies. The stability of the yen will also depend on the extent to which traders decide to use the currency for settlement in preference to the dollar.

In a longer perspective yesterday's rather detailed package may come to be seen as part of a slow evolution which started with the relaxation of exchange controls in 1980. The vision of Tokyo as a vigorous financial counterpart to London and New York is still somewhat distant, but it has certainly played a part in forging yesterday's agreement with the U.S.

If Japanese banks are to widen their competitive scope in the world, they will inevitably have to accept greater competition, and perhaps tighter margins on their home territory. The move towards fairer and more open competition can only be welcomed.

Adjustment in motor industry

THE DISTINCTION between sunrise and sunset industries is generally misleading, as the case of the motor industry clearly shows. As a sector which employs large numbers of people on mostly unskilled jobs, it might seem an obvious candidate to follow textiles and garments to the newly industrialising countries. Yet the motor industry is going through a period of change, affecting both the product and the manufacturing process, which is likely to increase the demand for highly skilled and adaptable workers.

Improvements in fuel efficiency, greater use of high-strength steels and other new materials, the advance of electronics—these and other factors require new approaches to product design; factories are being transformed by robots and flexible manufacturing systems. According to a recent report by the OECD on the industry's long-term outlook, investment in research and development will be a decisive factor in the competitiveness of vehicle manufacturers.

Competitive

Although countries like Brazil and South Korea will enlarge their share of world automotive production, the main battleground will continue to be the advanced countries of Japan, Western Europe and North America. Companies in these areas have to respond to rapid technical change while demand for their products is growing relatively slowly; temporary periods of excess capacity will add to the pressure on margins.

In competitive terms the most spectacular event of the past decade has been the rise of the Japanese, who now have a world lead in manufacturing technology. Companies in Europe and the U.S. have been forced to adopt Japanese production methods and management practices—a process which is very far from complete: General Motors, for example, is entirely rethinking its approach to manufacturing small cars. At the same time the Japanese face problems of their own as they build up their manufacturing operations in Europe and the U.S.

Strategies range from specialisation along the lines of Daimler-Benz and BMW to the global manufacturing and supply networks developed by General Motors and Ford. Technological change creates opportunities for companies of varying size and structure; the industry is unlikely to settle into an oligopoly of three or four giant producers. What is certain is that the survivors will be quick to adapt to changing technologies and markets and competitive in costs.

Protectionist

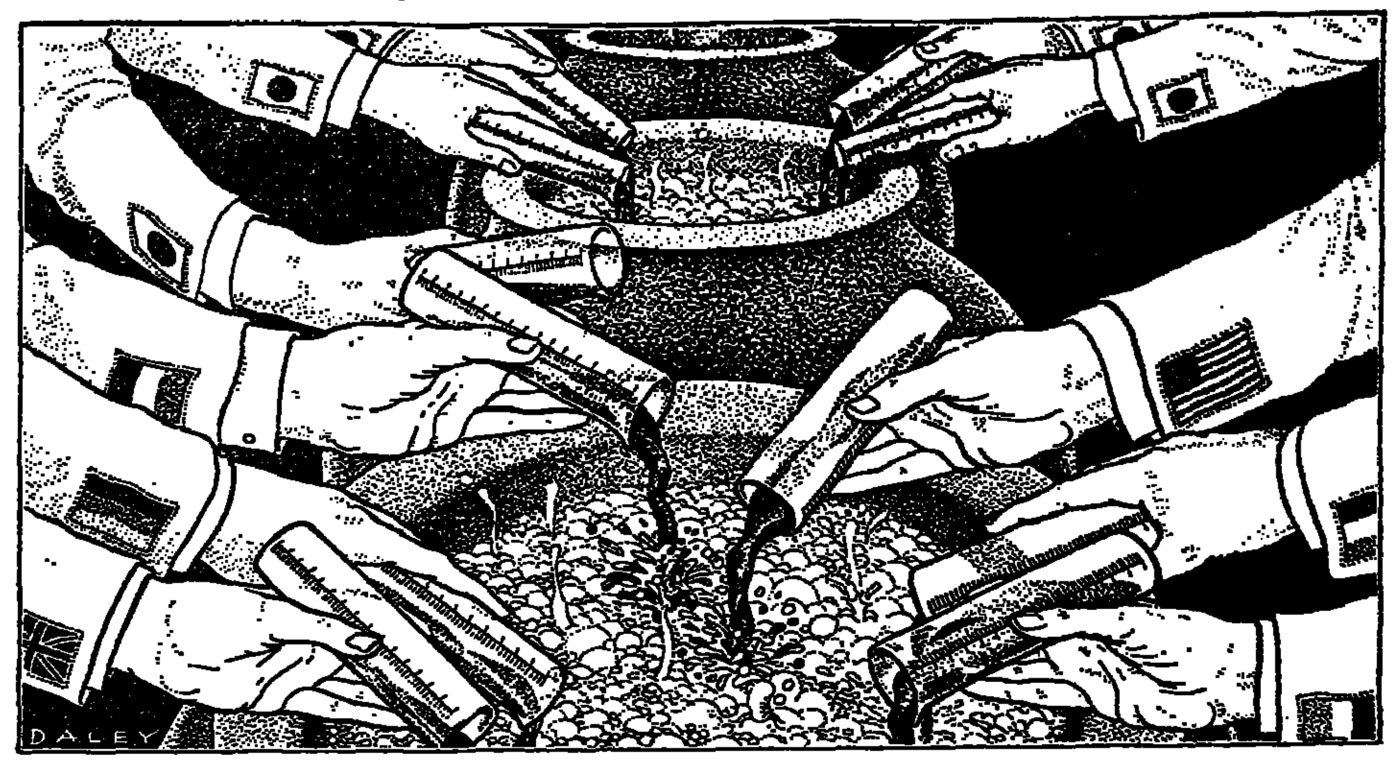
The great danger is that for political and social reasons governments will impede the process of adaptation and make a "lame duck" out of an industry which is still capable of playing a dynamic role in the world economy. The rapid rise in Japanese exports has triggered a protectionist response in many countries. The OECD report comments: "Having slid haphazardly into the present situation, where major trade flows are subject to restrictions, the danger is that this state of affairs will become permanent."

The resistance to job losses in the French industry and the controversy over import quotas in the U.S. illustrate two aspects of the problem. Meanwhile the developing countries introduce their own distortions through local content rules, minimum export requirements and the like. It is not fanciful to see the motor industry going the way of steel, where world trade is now hemmed in by a host of apparently permanent bilateral agreements. That fate will only be avoided if governments are convinced that the long-term gains from free trade outweigh the short-term advantage of preserving threatened car factories.

EUROPEAN INDUSTRIAL RESEARCH

The pressure to club together

By David Fishlock, Science Editor



TWO Italian research managers recently made a pointed criticism of the competitiveness of European industry. They published a paper which included a table of the "many new products and processes" recently invented and marketed by European industries. The table was completely blank.

The point may be exaggerated but Europe's research managers know how uncomfortably near the truth it is. Their governments are struggling to stem the tide of science-based imports from Japan and the U.S.

Can collaboration between previously competing companies and industries help to redeem European innovation? Even the great research-based companies of Japan seem to see this as the future, with for example, the Government-backed long-range research collaborations in super-computers and biotechnology, announced in the past two or three years.

Europe has responded with Esprit, the aptly named European Strategic Programme of Research in Information Technology, which pools the long-range research of a dozen European electronics companies in the technology for making "chips". Participants are GEC, ICL and Plessey (Britain); Siemens, AEG, and Nixdorf (West Germany); Thomson-CSF, Honeywell-Bull and CIT-Alcatel (France); Olivetti and STET (Italy) and Philips (the Netherlands). Like the Japanese programmes, Esprit focuses on "pre-competitive research", designed to lay the foundations for the different commercial policies each participant will adopt when it comes to the product development stage.

Springboard for the Japanese collaborative programme for the fifth-generation or "thinking" computer was an earlier collaboration launched in 1976, which succeeded in giving the Japanese electronics industry the edge in world markets with very large scale integration—very big chips.

Even as a response to the Japanese collaboration on a fifth-generation computer, Esprit took over two years to negotiate and test with a $25m pilot exercise, before the full-scale programme was agreed by governments this spring. Yet that may prove swift for such a radical initiative.

Dr A. E. Pannenborg, Philips research director, sees it "first and foremost an exercise in international co-operation within the Common Market area," with the extra EEC money only a secondary consideration. Dr Pannenborg, addressing a recent meeting of the European Industrial Research Management Association*, recalled that since the second World War he had been involved with a Philips policy of establishing R and D in several European countries. "It is my experience that the cultural and language and other barriers within Europe are such that it takes a full generation before you arrive at the point where you are able to work with a colleague from another country as smoothly as you do with your own countryman."

Dr Pannenborg sees three deficiencies in European research and development, compared with Japan and the U.S.: slowness of decision and implementation; aversion to taking risks; lack of recognition of a continental scale of effort.

He thinks Esprit risks worsening these deficiencies "because it's cumbersome to start with." But without some such co-operative effort to elevate the effort to European scale, he believes advanced electronics technology will wither anyway.

It needs about six companies to get a club started

Mr Brian Oakley, director of Britain's Alvey programme—the national response to the "Japanese threat," but cross-linked to Esprit—has admitted that he has been "disappointed at the rate at which we've been able to get projects going." Nevertheless, the rapidly accelerating pace of innovation and the escalating costs of the associated manufacturing technologies have each given a big impetus to the idea of collaboration between electronics companies.

Can other industries and techniques benefit too? Professor Paolo Fasella, EEC director for science, R and D, is an enthusiast for collaboration in pre-competitive research, aimed at sharing "risks, cases and benefits," by integration over a wide market of the results of the research preceding product or process development.

His sequel to Esprit is to be a biotechnology programme, agreed in principle at the Stuttgart Economic Summit last summer. The EEC plan is to be considered by the Council of Ministers on June 8. Prof Fasella's directorate is proposing a programme costing the EEC 88m EUA over five years.

Prof Fasella is eager to involved industry, as in Esprit. His plans suggest that in choosing projects for support it will favour well-founded collaborations between companies and universities, as the Alvey programme in Britain is doing.

But it is still early days. "So far industry has barely been consulted about the European biotechnology programme," confirms Dr Ron Coleman, the British Government's chief biotechnologist.

Collaborative research between companies has a long tradition. Britain set up several dozen co-operative industrial research associations serving specific industries after the First World War, when the Government recognised just how dependent its war machine was on German innovation. Krupp, for example, held the patents on the Royal Navy's armour.

Mr Oscar Roith, chief engineer and scientist to the Department of Industry, recently gave a House of Lords select committee this overview of research associations today: "We have big ones and small ones, and, as in all things, there are good and bad." The good ones, he said, include two serving the engineering industries (the Welding Institute and the British Hydraulics Research Association) and one serving the shoe industry (the Shoe and Allied Trades Research Association) all of which give "first-class technology support to the industry." On the bad ones he was discreetly silent except to hint that they wouldn't get further DTI funds.

Harwell, research centre of the UK Atomic Energy Authority, invented a new kind of co-operative in the late 1960s when it embarked on a government-backed programme of technology transfer to industry. It created the "club" of industrial companies willing to support a programme of generic research at Harwell.

Dr Ron Sowden, Harwell's director of industrial research, now has a dozen such clubs, worth about £3.5m a year in subscriptions to Harwell. "A damn good way of getting technology transfer," he says. He has ideas for another 14 under consideration.

It needs about six companies to get a club started. This is never easy because Harwell itself must offer a well-thought-out programme, and potential subscribers must be convinced that Harwell should retain the "intellectual property" rights, while they remain free to license and free to buy R and D by Harwell outside the club.

If he has a worry about his research clubs, it's the amount of management effort they entail (just as the Japanese found with their first collaboration). The oldest—heat transfer—has been running since 1968 and has 167 subscribers.

One club, based on using lasers to peer inside petrol engines that are running, has proved so successful it worked itself out of a job. The subscribers found their results "so appetising" they all went off to use the technique themselves, Dr Sowden claims.

This is the pattern successful collaboration should follow, with satisfied customers undertaking their own individual development and applications programmes, he says.

Increasingly Harwell is looking overseas for new club members. Half of its subscribers to the heat transfer club are foreign.

One of its clients is a Joint Research Committee set up by six European motor manufacturers—BL, Fiat, Peugeot, Renault, Volvo and VW—in 1980, to help combat the U.S. and Japanese threat. Its aim is to pool basic research on such "social" matters as energy conservation, reliability, safety and environmental protection. Four years on, with a dozen projects started, Mr Mike Lewis of BL Technology can say confidently: "the difficulties are largely behind us."

The Alvey Directorate is Britain's most ambitious research club, born of a series of more modest directorates created by the Science and Engineering Research Council

Collaboration as a way of spreading "entrance fees"

to get more university research behind such activities as polymer engineering and marine technology.

Government and industry have pledged £350m of "Alvey money," including £50m for universities. The most spectacular part of the programme is to be four demonstrator projects—in effect, "thinking computers." Each will think about a specific problem. Each will be managed by a consortium of industrial hardware and software interests backed by university research. Over 200 applications for Alvey money have already been made.

The U.S. has also attempted to form pre-competitive research bodies, for example in the electrical and electronics industries. Biggest of all the co-operative research organisations is the Electrical Power Research Institute (Epri) in California, set up in 1972 to upgrade the technology of the U.S. electricity industry. Its budget is nearly £250m this year. It has R and D exchange agreements with 11 overseas organisations, including the British and Irish electricity industries. Epri has jointly funded research on "acid rain" by the Central Electricity Generating Board.

Opportunity can also drive disparate industries into each other's arms in long-range research. Five British companies in quite different industries have set up a new co-operative research centre at Leicester University. Each has a different objective in joining, but in each case it relates to a crop or crops of direct interest to their business.

John Brown, Dalgety, Distillers (food group), Gallaher and Whitbread have each put £250,000 into a joint research programme in plant genetic engineering. Other donations bring start-up funds for the Leicester Biocentre to more than £2m. Dr Geoffrey Potter, who heads the Biotechnology Directorate of the Science and Engineering Research Council, and helped found the Leicester Biocentre, is now trying to launch a similar club to tackle a research in protein engineering—"the technology of the future in biotechnology."

Of a dozen UK companies he approached, six have indicated interest in subscribing to a joint research programme to be mounted in British universities: Celltech, Glaxo, ICI, Sturge, Tate and Lyle and Unilever.

But others such as Shell, Wellcome and Beecham said no. While Prof. Fasella speaks enthusiastically of "a new mood in European industry" and claims that industrial sectors which previously would scarcely have given a thought to research co-operation are now showing interest in Esprit-type programmes, others counsel caution.

Dr Harry Beckers, Shell's research co-ordinator, says one should never forget that research is very much an individual activity. "Too much co-operation, stimulation in particular directions, loss of freedom, may detract more from research than is gained by all our efforts to increase the efficiency of R and D in Europe."

Dr Duncan Davies, a former DTI chief scientist, expands both the opportunities and the potential problems by seeing a need for research collaboration between quite disparate industries. Could collaboration between makers and potential users of advanced materials, such as high-strength composites and engineering ceramics, speed their adoption and spread the heavy "entrance fees," he asks?

Perhaps makers of microwave cookers — "still primitive and bulky" — should collaborate with cookware and frozen food companies to invent and market the kitchen of the future.

*Technological challenges to European industry today. Report of a conference of the European Industrial Research Management Association, Vol 29. Available from EIRMA, 38 Cours Albert Ier, F-75008, Paris.

Men and Matters

Preston fills the gap

Who will fill the leadership vacuum at the top of the U.S. banking community when Walter Wriston moves out after 14 years as chairman of Citicorp?

So far no other chairman of a U.S. bank has come close to matching Wriston's commanding presence on the international banking scene. But there are those who think that Lewis Preston, chairman of J. P. Morgan, may fit the bill.

The 57-year-old Preston was recently chosen to brief central bankers on the international debt crisis at a "hush-hush" meeting at the New York Fed; and over the last few weeks, he has played a key part in putting together the rescue package for Continental Illinois, the big Chicago bank.

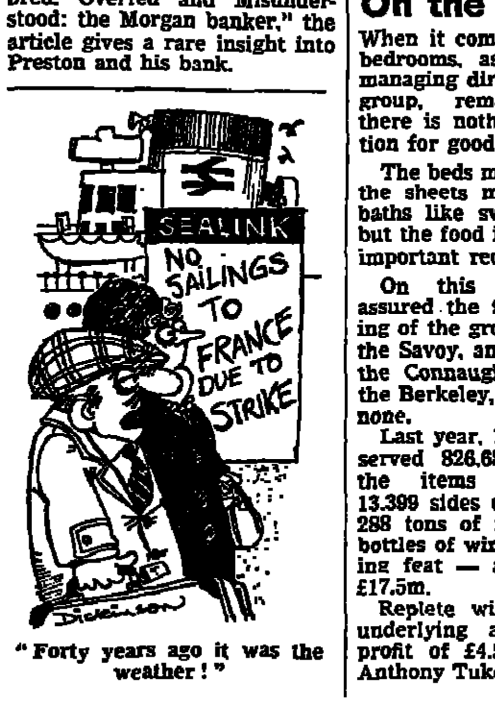
Unlike Wriston, Preston shies away from publicity. So when he appeared as the subject of this month's cover story in a new U.S. magazine called "M—The Civilised Man," it raised a few eyebrows. Was this the first move towards a higher public profile?

Under the strapline "Overbred, Overfed and Misunderstood: the Morgan banker," the article gives a rare insight into Preston and his bank.

Rival bankers, says the magazine, consider the Morgan variety "a clubby, stuffed shirt and an insufferable elitist." But Preston goes to some lengths to play down the assertions that the bank is only interested in "handsome, athletic, waspy candidates from good neighbourhoods and some of the nation's best business schools."

"If you didn't go to St Paul's or Harvard, you may even stand a better chance of getting in here," says Preston, who went to both.

Lest he be accused of being too much of a maverick, however, Preston does have a few reassuring words to say on the important subject of bankers' lunches. "I am not sure how much constructive business conversation goes on in the dining room," he says, "but it sure is damn good fun."



"Forty years ago it was the weather!"

On the table

When it comes to selling hotel bedrooms, as Giles Shephard, managing director of the Savoy group, remarked yesterday, there is nothing like a reputation for good meals.

The beds may be comfortable, the sheets made of linen, the baths like swimming pools — but the food is usually the most important recommendation.

On this score, Shephard assured the 95th annual meeting of the group's shareholders, the Savoy, and its sister hotels, the Connaught, Claridge's and the Berkeley, are still second to none.

Last year, he said, the group served 826,683 meals. Among the items consumed were 13,399 sides of smoked salmon, 288 tons of meat, and 315,000 bottles of wine. No mean catering feat — and it brought in £17.5m.

Replete with such figures—underlying a record trading profit of £4.5m—chairman Sir Anthony Tuke affirmed that the determined defence of the group's independence by his predecessor Sir Hugh Wontner would continue. Eat your heart out, Lord Forte.

Banking risks

Has somebody, somewhere, got it in for Adam and Company, the new banking company just opened in Edinburgh?

Before its smart banking hall on Charlotte Square was complete the carpenters put a nail through a central heating pipe and flooded the basement.

Then the attic caught fire wrecking most of the upper part of the building.

Chairman Gordon Henry also tells of a chemical used to rid the floorboards of a fungus. Staff in the offices downstairs found themselves being choked by evil-smelling fumes.

All this before the First Night. "The rest is going to be easy," Henry told his guests yesterday at the opening.

Although his landlord is Phoenix Insurance, he had not expected to have to rise from the ashes.

Healthy business

The feudal isle of Sark in the English Channel has joined with local insurance brokers Rossborough's to cater for the medical care of its 420 inhabitants by taking out a Private Patients Plan scheme for the island.

Sark is being treated as a company and a standard PPP scheme for business concerns is being adapted.

Sark has always made use of the medical facilities on the larger neighbouring island of Guernsey. But problems arose for the smaller island when the Guernsey Board of Health suggested raising Sark's contribution from £12,000 a year to a more realistic figure, £58,000.

Private health insurance for individuals would have been prohibitively expensive for many of the islanders. But by effectively turning Sark into a business entity the rates have been brought down to between £90 and £180 a year for each islander.

Added to which Sark will now be able to keep the £12,000 previously paid to Guernsey.

Lend an ear

Who is this mysterious "Bank of England official" that Preston Martin, the Fed governor, quoted as the source for his reassuring words — "Lend, lend boldly and keep on lending" — on Fed policy towards the U.S. bank crisis.

They weren't too sure when I called the Bank yesterday. But my researchers tell me it was Walter Bagehot who actually wrote: "Lend freely, boldly, so that the public may feel you mean to go on lending."

Nice to know the Fed intends to keep pouring money over the flames, but not a few bankers were wondering yesterday whether it should have been put quite so plainly.

Watershed

Dick Perry shortly takes over one of the most glamorous jobs in the motor industry—chief executive of Rolls-Royce Motors.

But during a lifetime in the business, Perry has had his share of less salubrious occupations. He was involved, for example, in the launch in 1957 of the Austin Mini, a car which was to become a huge success but got off to a poor start. Drivers of the early production models often found themselves up to the ankles in water when it was raining.

The company then had none of the highly-sophisticated research techniques available to the industry today. It attempted to find the leak by sending a Mini in and out of the water-splash at the Longbridge plant.

It was Perry, then personal assistant to the production director, who spent hour after hour with his head under the passenger seat trying to spot where the water was coming in.

Observer

NATO STRATEGY

Issues swept under the carpet

By Bridget Bloom, Defence Correspondent

THE North Atlantic Treaty Organisation, founded 35 years ago this year, has been a colossal success, Mrs Jeanne Kirkpatrick, the abrasive U.S. Ambassador to the UN, declared in a recent speech. And so, in a sense, it has. A defensive alliance of 16 sovereign and mostly democratic nations as disparate as Norway and Turkey, the U.S. and Luxembourg, has presided over the longest period of peace in modern Europe.

Nato foreign ministers meeting in Washington this week for their annual spring meeting do, therefore, have some excuse for self-congratulation, but they also have reason for concern. Nato has not survived 35 years *without paying a fairly substantial price.*

Nato's chief asset—the fact that it is a voluntary alliance of democracies — is *also* its major problem. The need for consensus within the organisation, and the inevitable difficulties of achieving it between its disaparate European members and the U.S. and Canada has meant that over the years Nato has been unable or has refused to tackle some of the most critical problems which have faced it.

Events since 1949 have changed greatly the climate in which it operates, yet in certain key areas Nato itself has either not changed at all, or not changed fast enough. In their search for consensus and the agreed communique, Nato defence and foreign ministers—the political authority of Nato—have often preferred to sweep issues under the negotiating table rather than address them directly.

Today, in an era of almost *unprecedented popular* debate about defence, Nato is failing properly to address three major questions: its nuclear strategy; the absence of a Nato policy towards the Middle East, or other non-Nato areas where Nato interests might still be threatened; and the problem of the joint production of arms, which is still very much a national responsibilitiy though increasingly a burden on national defence budgets.

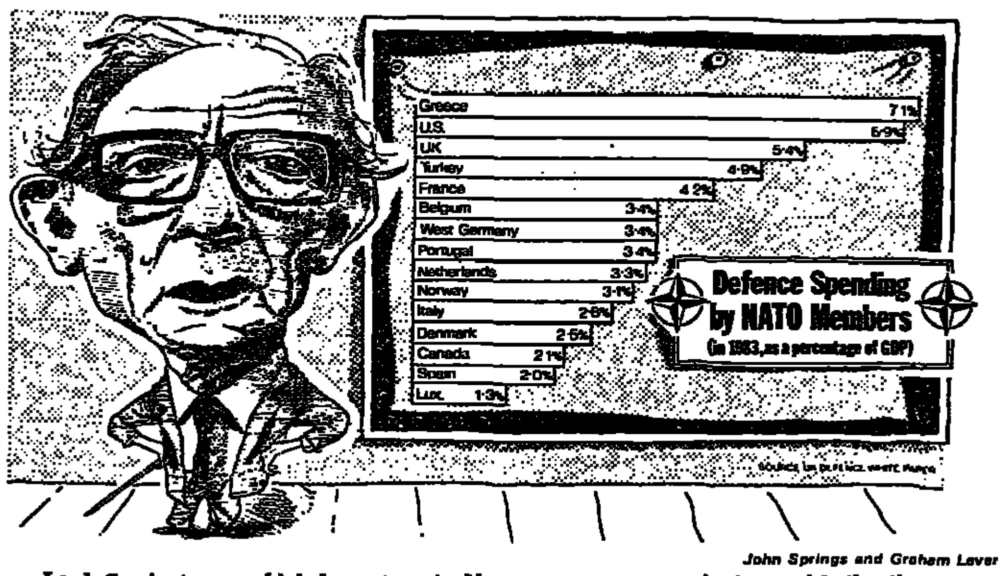
Nato was founded only four years after the end of the Second World War. As Professor Michael Howard has noted, its prime purpose was to reassure a Western Europe lacking in political confidence and economic strength. But Nato governments then viewed it—and still in large part do today—as a defensive alliance against a real threat of military invasion of central Europe by the Soviet Union and its Warsaw Pact allies.

It could well be argued that that threat does not look credible today only because the deterrent posture of the alliance has succeeded. That is impossible to prove. What is certain is that Nato has built up and continues to refurbish its vast armaments to meet the threat of an invasion across its borders in central Europe or on the flanks, while preferring collec*tively to ignore possible threats* elsewhere.

Arguments as to why Nato's nuclear strategy is lacking credibility have been much rehearsed in the past year or two—although they have been heard much more outside Nato than within it. In 1949, when the U.S. had a virtual monopoly of nuclear weapons, a strategy which envisaged a massive retaliation with nuclear weapons against any major conventional attack by the Soviet bloc had an obvious deterrent value. By the late 1950s, as the Soviet Union began to build up its own nuclear arsenal, the credibility of the strategy was already weakening. By the mid-*1960s officials were fashioning* a new doctrine of flexible response, finally adopted by Nato in 1967.

Flexible response envisages the graduated or flexible use of a "triad" of conventional, of short and of long-range nuclear weapons in response to a Soviet conventional attack.

In 1967, Nato *strategists* interpreted this as meaning the first use by Nato of nuclear weapons, but probably of a single explosion sufficient to bring the adversary to the negotiating table. However, that doctrine has in turn become less and less credible as Moscow has achieved nuclear parity with the U.S. and less and less acceptable as it has come to be realised that any use of nuclear weapons would probably escalate into all-out nuclear war.



John Springs and Graham Lever

Lord Carrington: could help restore to Nato a purpose more in tune with the times

In so far as the issue is being debated within Nato it centres on the need to increase the alliance's conventional forces, both absolutely and through the *addition* of "emerging technology" weapons which it is argued, will help to raise the threshold at which nuclear weapons would have to be used. Nato officials, generals and ministers all argue that this does not mean that the strategy of flexible response is discredited—merely that Nato's triad of forces has become unbalanced and that the conventional "leg" needs to be strengthened.

This is an argument employed by Gen Bernard Rogers, the U.S. Supreme Commander in Europe, though all European governments flinch from the extra costs.

Rogers now says his programme should take a 7 per cent annual real rise in defence budgets, when few nations are making 3 per cent.

Nato also flinches from facing up to the strategic implications of the drive to improve conventional forces and the introduction of "ET" weapons. It is clear that the U.S., whose industries are leading in ET weaponry, believes that it calls for a larger more flexible battlefield, principally because ET allows much more accurate and immediate detection and acquisition of targets much further behind battlelines than is now possible. Such new tactics, however, would almost certainly mean effectively abandoning the forward defence *of* West Germany in the interests of greater manoeuvrability.

That these arguments have not been admitted publicly or confronted within Nato is principally because its members cannot afford to address them if they are to retain their relative unity. A devastating *analysis of what this has meant* for Nato planners has recently come from Mr A. King-Harman, formerly a senior official in Nato's Brussels headquarters.

Mr King-Harman reports that Nato ministers have not requested officials to prepare a long-term strategic analysis on which to base Nato policy since the mid-1960s. Ministers thus do not have an agreed guidance as to what Nato believes Soviet intentions might actually be, nor is there an official assessment of how long or short a war Nato should plan for.

Overall he paints a picture of Nato's conventional force planning which consists principally of military commanders drawing up lists of requirements, followed by bargaining between nations as to what each can afford, against the background of a threat assessed only in crude numerical terms.

Nato's inability to formulate policies in relation to non-Nato areas is partly because there are genuine differences of approach between key European countries (including Britain and France) and the U.S. over whether Nato can or should play any role outside its own boundaries.

The Nato charter is held to preclude a military role by Nato outside its area (i.e. outside the national boundaries and South of the Tropic of Cancer) and no government advocates such collective action.

One Nato official, discussing the out-of-area problem in Brussels earlier this month, said he did not believe the organisation had ever had a formal discussion on the advisability of a Nato out-of-area policy.

In the third key area—that of collaborative arms production—there has been a great deal of rhetoric over the years and not much action. Everyone agrees that joint arms manufacture, and associated measures like the standardisation of military equipment throughout Nato is, like motherhood and apple pie, a good thing. But the problems involved have been such that most collaborative projects have either been small or so unequal as to cause dissension.

The issue has recently been exacerbated — but also thrown into new focus—by the U.S. drive to have Nato adopt specific "ET" weapons systems. European defence ministers greeted the initiative, launched by Mr Caspar Weinberger, the U.S. Defence Secretary, in December 1982, with considerable caution and suspicion, noting that all key weapons systems being suggested for adoption were of U.S. origin.

A very recent combined British and Dutch initiative is also endeavouring to get members of the Independent European Programme Group (basically European Nato plus France) to widen and deepen collaborative arms production in Europe.

Such efforts have been made before and have failed. The new element this time, by no means certain to lead to success, is the great expense of the new ET weapons and the tightening belt around defence spending in all European capitals.

It may be, as Mrs Kirkpatrick believes, that Nato is a flexible enough instrument not just to survive but to adapt and help preserve the peace for many years. Certainly if it is to survive it will do so as an alliance of sovereign nations, dependent on consensus and thus condemned to change only slowly.

Some of the frustrations which arise from this are already leading key nations, particularly France and Germany, to canvass a revival of the Western European Union, which embraces major European Nato and EEC members—but not their more difficult partners.

But for Nato itself, the 35th anniversary does present some new opportunities.

Above all the foreign ministers could give a somewhat freer hand to their new Secretary General, Lord Carrington, than they gave (or he was inclined to take) Dr Joseph Luns, who has held the post for the past 14 years.

The fact of Nato being 16 sovereign nations inevitably circumscribes the activities of the Nato secretary-general. But Lord Carrington, former British Foreign Secretary, who has made it clear that he is unreservedly in favour of serious political relations with the Warsaw Pact, has a reputation as an unstuffy, highly-skilled diplomat who could well, given a chance, help to restore to Nato a purpose more in tune with the times.

Lombard

Open the box Mr Murray

By John Lloyd

MR LEN MURRAY should add to his long list of services to the trade union movement before he retires from the general secretaryship of the TUC later this year by opening up the process for choosing his successor.

Constitutionally, a new general secretary is elected by Congress, with delegates—disposing of the votes of millions—solemnly holding up their cards for someone few know as other than a name on documents. Actually, until now, that person has always been chosen by the leading General Council members—a choice made easier by the availability of the deputy to the outgoing secretary.

This time round, Mr Norman Willis, the deputy secretary, is not necessarily the natural successor. A roly-poly raconteur (who is said by his supporters to have a keen mind) he has not given the impression of gravitas necessary to secure the automatic nod from the greyheads on the General Council. He faces a strong challenge from Mr David Lea, a younger, undoubtedly serious economist who is one of the TUC's two assistant secretaries.

Mr Willis, because of his previous career in the Transport and General Workers' Union, may secure much of the left vote: Mr Lea will then—in the sectarian way of the TUC—take much of the centre right. Yet no council member knows whether the first is a left winger and the second a centre-rightist, since both men have imbibed the Civil Service ethos Mr Murray has been careful to maintain at Congress House, and have successfully kept their ideological sympathies—if any—to themselves. Nor, more importantly, can anyone have a feeling for either man's vision of trade unionism, and its place in society.

It is critically important for both trade unionism and society that the next general secretary's views on these and other issues should be known before his election. The job is, in part, that of the "movement's permanent secretary": but what makes it such a sharp bed of nails is that it is, at times, that of the movement's public leader, too. Mr Murray acted as a permanent secretary when, last year, he developed the package of flexible responses which came to be known as *new realism: he then had to go* to the rostrum and sell it, and stick with it through times so thin they could not sustain his weight.

The man (it will be a man) who takes over this highly politicised job should be exposed to an audition or two before he steps from the shadows on to a glaringly exposed stage. Mr Willis and Mr Lea should run a campaign, facing their future affiliated members in public halls, or sieved through the interrogatory mesh of Sir Robin Day or Mr Brian Walden's questioning.

So should others. Outside of Congress House, there is not a wealth of talent but there is some. Mr Alex Ferry, secretary of the shipbuilding and engineering unions' confederation is a shrewd Scots administrator who commands great respect; so does Mr Gavin Laird, secretary of the main engineers' union.

The movement also has two nicely balanced young stars in Mr Rodney Bickerstaffe, the health workers' leader, and Mr Alastair Graham, secretary of the main civil servants' union. Not nearly as opposed as the polarisation of policies and the Press can make them appear, they still represent clear, articulate and intelligent alternatives on the left and right of centre.

The movement's kingmakers are repelled by such a prospect: they believe a candidate should emerge by consensus, citing the divisiveness of a public campaign—shudders of the Labour Party's leadership election—as a horror to be avoided.

But they have more to gain than to lose by letting their members have a real say. The job needs public and electoral underpinning: it needs a man with a programme and an independent basis of power: and the unions have to show they are serious about democracy if they are convincingly to claim to set an example to others in public life.

Letters to the Editor

Privatisation of British Airways

From the Chairman and Chief Executive, Britannia Airways

Sir,—Your Leader (May 2) recognised the problem. The Civil Aviation Authority in its interim report (May 24) recognises the problem in saying: "British Airways is, therefore, very well placed to use international route profits to support expansion in other markets and, if it wanted, to do so in a predatory manner. Despite the regulatory constraints, it could deploy this market power, almost at will, in any particular market where it chose to compete aggressively with other British airlines."

The report shies away, however, from any fundamental solution for that sector of the industry in the main created by private enterprise, in which intense but balanced competition provides very competitive rates and a high standard of service. This has come about because the industry has increasingly justified long term investment in new efficient aircraft. It has changed from a labour intensive to a capital intensive segment of the industry in the last 15 years and provides enormous benefits to the consumer.

I venture to suggest much of this investment would not have taken place had the unrestrained privatisation of British Airways been known, and it will dry up to be replaced, at best, by short term investment unless action is taken to protect us from monopoly domination. It is unfair to employees, shareholders and consumers alike. Without change, the position after privatisation will be a privatised British Airways protected in its own major market by the bi-lateral system and its position at Heathrow Airport, probably with profits 10 times greater than the total for the remainder of the industry. It is totally unrealistic to think that under these circumstances market control cannot only be a matter of time and the probability is that it will be short.

Incredibly, however, the CAA finds it improper to exclude British Airways from the market as British Airways is unlikely to be determined enough to prejudice future competition. All sizeable industrialised nations have found it necessary to limit domination by one company through bodies such as the Monopolies and Mergers Commission. These bodies take action at far lower levels of dominance than that which will be enjoyed by British Airways. It is difficult indeed to know just what the CAA would wish to see before recommending a remedy.

We believe it is fascinated with the past and attempt to predict the future based on comparative minor upsets from which recovery has been made.

Nothing in the past has anything like the significance which the privatisation of British Airways has for the future.

It is to be hoped that eventually the similarity in monopoly terms between a Sealink combined with a similar ferry operator and an unrestrained British Airways is appreciated and similar action taken.

D. H. Davison.
Luton Airport, Beds.

Secret postal ballots

From the Deputy Director, Aims of Industry

Sir,—One of the great planks in the Government's case against making secret postal ballots mandatory in the Trade Union Bill has been the assertion that workplace ballots produce a *higher turnout.*

Analysis shows that, in reality, very few unions operate the sort of workplace ballots envisaged in the Bill, so there is no wide cross-section of evidence to support the Government's assertion.

So far in the Parliamentary debates on the Bill, the Government has only cited three unions as enjoying *high* turnouts under workplace balloting—the National Graphical Association (NGA), the National Union of Mineworkers (NUM), and the Civil and Public Services Association (CPSA).

People may now well question the desirability or otherwise of granting the NUM the laurel wreath for democratic procedures, but *the latest* figures for the CPSA show that the Government's acceptance of high workplace turnouts is based on dubious grounds.

This year's CPSA elections show that turnout has dropped to only 25 per cent. In the House of Commons debate in the standing committee, Mr John Gummer, the Minister of State at the Department of Employment, credited earlier CPSA elections with a 46 per cent turnout—a figure disputed by a recent study which estimated the 1981 CPSA turnout at 40 per cent, and at only 30 per cent in 1982.

The latest figure which related to elections in which the Left swept the board is less than that consistently recorded by Frank Chapple's Electrical Electronic Telecommunications and Plumbing Union (EETPU) which usually gets a 30 per cent turnout under its admirable secret postal ballot system.

The dearth of evidence for the Government's assertion is alarming. The three unions selected by Mr Gummer have a combined membership of only 680,000 compared with 1,500,000 in the EETPU and the engineers, both of whom operate secret postal ballots and return moderate *leaderships.*

The latest low workplace turnout in the CPSA should give the Government pause for thought. As the 1983 Conservative manifesto said ". . . of the 520 unions in existence at the end of 1981, a mere handful could claim to satisfy the basic principles of democracy . . . low turnouts, ambiguous rule books and deliberate malpractice—including, in a number of cases, ballot-rigging and forgery—have undermined the credibility of union leaders in general."

That handful has not increased in the few months since the manifesto was written. Why, and on what positive evidence, and on *whose advice, is the* Government running away from the only realistic option—secret postal ballots?

Ken Daly.
40, Doughty Street, WC1.

Academic salaries

From the General Secretary, Institution of Chemical Engineers

Sir,—Michael Dixon in his Jobs Column (May 24) returns to the subject of academic salaries and the issue as to whether security of tenure and allegedly light official duties has to be weighed against financial advantage.

The situation within the Universities certainly in such key areas as chemical engineering, biotechnology and electronics is that academic salaries are woefully inadequate to attract into academic life young engineers when they are readily employable in outside industry. Clearly if University departments are not able to attract at least a proportion of high-fliers and first class intellects then in due course both teaching and research will suffer to the detriment of the academic formation of the next generation of students.

The problem of academic salaries largely arises because apart from those who are on medical scales, all lecturers, senior lecturers and professors have salaries fixed within simple scales which pay no attention to the laws of supply and demand, a lecturer is a lecturer is a lecturer, and is paid as such whether he is involved in high technology or social science or the arts; irrespective of market forces which mean that engineers and scientists are frequently sought by outside industries whereas, with the best will in the world *their counterparts* knowledgeable as they may be in matters mediaeval are scarcely employable outside their chosen vocation. If Universities had the discretion and the will to pay in some reasonable relation to available alternative employment, then with cuts for some and appropriate increases for others the net effect on salaries might be neutral and achieve a better all round effect.

The same problem of course exists in the schools sector.

T. J. Evans.
165-171, Railway Terrace, Rugby.

Insightful on Hong Kong

From the Editor, International Investment Letter

Sir,—Anatole Kaletsky's piece on *Hong Kong (May 17)* is the most sympathetic and insightful piece I've yet to read on the impending tragedy. It also offered the most sensible realistic solution to the human side of this tragedy, namely, that Britain should welcome the enterprising Hong Kong Chinese and benefit from their entrepreneurial skills and energy. Until you've visited Hong Kong, you've never seen such concentrated mass human energy!

Interestingly, Mr Kaletsky's piece appeared next to an appreciation of the late Lord Robbins. When Robbins first visited the East shortly after the war, he found Hong Kong and India both in poverty. Thirty years later, he returned. Hong Kong was flourishing while India has hardly progressed at all.

What made the difference was not just the people; it was also, as Robbins so clearly pointed out, the open economic environment.

Yes, by all means let's welcome a relatively small number of Hong Kong entrepreneurs; Britain could benefit from their drive and ambition. But if they are to perform their miracles, we must provide them with the correct incentives — minimal tax and minimal regulation.

Otherwise, like any other peoples dumped on an overburdened welfare state, they too would mostly stagnate in the stifling atmosphere of government restriction.

Here, finally, would be a golden opportunity for Britain to redeem her honour and to help herself while rescuing a targeted people.

Adrian Day.
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FINANCIAL TIMES

Wednesday May 30 1984

New plan to save Creusot Loire

By David Housego in Paris

CREUSOT-LOIRE, the troubled French engineering group, seems increasingly likely to file for bankruptcy in face of the Government's continuing refusal to provide it with fresh financial assistance.

The group yesterday announced that the banks and the government had received the proposals of experts named by the Tribunal of Paris for putting the group back on its feet. The experts endorse Creusot-Loire's view that the group's integrity could be saved through restructuring its capital.

This would require a fresh injection of cash, banks waiving part of Creusot-Loire's outstanding debt and the selling of further shares in Framatome, the nuclear power group, in which Creusot-Loire holds a 50 per cent stake.

The experts have until June 13 to win the agreement. Paris is insisting that any fresh funds must come from the shareholders of the Schneider group who indirectly control 50 per cent of Creusot-Loire.

The Schneider shareholders include Baron Empain Schneider and his family and a variety of French, Belgian and Luxembourg interests.

The Schneider group maintains that it does not have the funds to bail out Creusot-Loire. It also says that to sell other assets in the Schneider empire to help Creusot-Loire would not be acceptable to minority shareholders in these companies.

The experts' report makes clear that Creusot-Loire's financial situation has further deteriorated since the group sought protection from its creditors a fortnight ago. The group has been removed from the list of large engineering consultants in the U.S. and lost a couple of substantial contracts.

The apparent refusal of the Government to provide fresh assistance to Creusot-Loire has been maintained notwithstanding the fact that the state is a major client of the group which manufactures transport and power equipment and military goods.

Should Creusot-Loire eventually file for bankruptcy it seems likely that the Schneider group would itself purchase some of its assets including its rail division, while other state groups including Alsthom-Atlantique would be interested in its energy interests.

The human face of bankruptcy, Page 2

Australia plans major motor industry cuts

BY COLIN CHAPMAN IN SYDNEY

AUSTRALIA'S motor industry is to undergo a reorganisation over the next eight years. Under plans announced by the Federal Labor Government yesterday the number of local manufacturers will be cut from five – Ford, General Motors, Nissan, Toyota and Mitsubishi – to three or four and the number of locally-produced models cut from the present 13 to six.

There will be an unspecified number of job losses.

At the same time, the level of protection the industry enjoys from imports will be reduced.

By 1992, vehicle import quotas will be abolished, leaving the industry only with tariff protection. But there is to be no immediate cut in tariffs, presently 57.5 per cent, or import quotas, which represent 20 per cent of the market. The 80 per cent local content requirement will not be affected straight away.

Instead, quotas and tariffs are to be introduced for some vehicles previously unaffected, notably four-wheel-drive estate cars and small Japanese vans.

The Government believes the eventual scrapping of quotas will lead to lower prices in real terms for locally-manufactured vehicles.

Export incentives will also be substantially strengthened to encourage foreign sales of components and finished vehicles. Exporters will be allowed to bring in more imported components.

Senator John Button, the Minister for Industry and Commerce who announced the plan to parliament in Canberra, said it was "an attempt to have the industry get up and walk, rather than to keep it in an iron lung."

The strategy, the Government says, is to provide "a breathing-space for adjustment but with the discipline of falling protection to ensure the industry takes immediate steps to modernise and restructure. If the companies do not promptly plan and implement remedies ... then by 1988 or 1989, competition from imports will begin to cut into the industry's market share."

Reaction from the manufacturers was mixed. Ford, the leading automotive company in Australia and the only profitable one, welcomed it, but the number two, General Motors, which has made heavy losses in recent years, declined to comment.

Unions were sceptical. Mr Joe Thompson of the Vehicle Builders' Union said: "It will not save the industry; it will kill it."

The plan is not as bold as some expected, but an election may be called late this year, and the Government would hardly want to enact measures before it which would lead to immediate job losses.

Further elements of the plan include the establishment of an Automotive Industry Authority as "honest broker" to promote mergers and joint ventures between manufacturers, a A$150m ($135m) Government grant programme to fund Australian research and design, more funds to retrain those made jobless by rationalisation and financial incentives to encourage one or more companies to cease full manufacturing.

● THE Australian Government is to legislate to protect computer software from piracy, giving it the same protection as literary works. A bill is due to be introduced into the Federal Parliament today by Senator Gareth Evans, the Attorney General who hopes it will be passed within two weeks on non-party lines.

Hawke tackles tough issues, Page 4

Conti Illinois issues rescue details to reassure investors

BY WILLIAM HALL IN NEW YORK

CONTINENTAL ILLINOIS, the big Chicago bank which suffered a run on its deposits earlier this month, has provided its major overseas depositors with further details of the recent $7.5bn rescue package in an effort to reassure them that they "will not suffer loss in their dealings with the bank."

Mr David Taylor, the bank's chairman, has circulated copies of a letter from Mr William Isaac, chairman of the Federal Deposit Insurance Corporation (FDIC), to Continental on May 22, responding to further questions about the scope of the bank regulators' financial assistance programme.

Despite the unprecedented nature of the rescue package, foreign depositors, who have provided the bulk of Continental's funding in recent months, have been nervous about resuming normal deposit relationships with the troubled Chicago bank. They fear that the federal guarantees might be removed at some later stage, thereby exposing them to a loss on their deposits.

The letter from Mr Isaac to Mr Taylor carries the "expressed intent" to assure all domestic and foreign depositors, providers of wholesale funds such as Fed funds and obligations under repurchase agreements and all other general creditors, "that they will not suffer loss in their dealings with Continental Bank."

Mr Isaac says that the support programme "should relieve any anxiety about the safety of transactions with Continental Bank" and help it restore normal business relationships.

Mr Isaac's letter covers the main elements of the rescue package, but some foreign bankers are still not happy that it gives them the sort of reassurances they are looking for, in particular regarding the life of the federal guarantee of Continental's deposits.

Separately, Continental has been taking steps to reassure foreign depositors that they are fully covered by the rescue package and has told them that the FDIC has "no objection" to Continental providing funds or guarantees to its overseas subsidiaries which operate in the world's money markets.

After their sharp drop in recent days, Continental Illinois' shares recovered slightly on Wall Street

French farmers in EEC protest

By Paul Betts in Paris

FRENCH farmers orchestrated a series of protests yesterday against European Community farm policies to coincide with the final day of a meeting of EEC agricultural ministers at Angers, western France. The ministers were blocked by a group of farmers for a short time while visiting a local farm.

The largest demonstration took place at Angers where 35,000 farmers, according to the French farming union, clashed with French riot police. Three policemen were injured.

The farmers' pressure appeared to have paid off, with the EEC ministers agreeing to meet M Francois Guillaume, the French farmers' leader.

M Guillaume put a series of proposals to the agricultural ministers, including a suggestion that all EEC agricultural transactions be in European currency units (Ecus) to do away with the system of monetary compensation amounts.

M Guillaume also asked for a better process of consultation between EEC agricultural ministers, the Commission and farmers' organisations of member countries.

Although M Michel Rocard, the French farm minister, expressed understanding for the case put forward by French farmers, he again condemned violence.

M Rocard had already reacted sternly against the farmers on Monday night after the kidnapping of senior French civil servant by militant milk farmers in Brittany.

M Francis Ranc, head of the French milk board, was kidnapped on Monday in Rennes by angry Breton dairy farmers protesting against EEC milk quotas. The kidnapping coincided with the start of the EEC farm ministers meeting at Angers.

Although dairy farmers have led the latest wave of protests in France, wine growers joined them at Angers yesterday. Wine growers in south-western France have also demonstrated against EEC farm policies in recent weeks.

French farmers also demonstrated in Le Havre, in Agen where they occupied the local branch of the Caisse de credit Agricole, and cemented the entrance of the deputy prefect's office of Tour-du-Pin near Grenoble.

THE LEX COLUMN

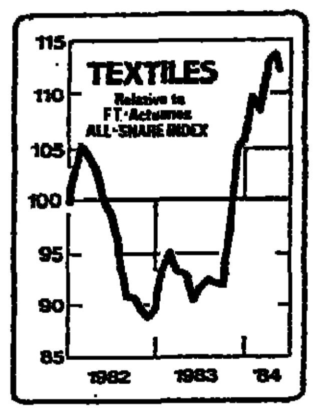
A ripping yarn at Courtaulds

Yesterday's preliminary figures effectively marked the completion of a four-year reconstruction job at the House of Courtauld. The builders are still making adjustments here and there but the bulldozers have been withdrawn and the resulting edifice is impressive. On a shrunken base of assets and sales of around £2bn, profits have climbed to £117.8m in the year to March, almost double the previous year's total, debt has been all but extinguished and, leaving the rights issue aside, Courtaulds has generated cash after funding a 25 per cent increase in capital spending.

But, however impressed the stock market may be by the quality of the building work, it still has its doubts about the solidity of the structure. At current exchange rates, and assuming some further fall in net interest payable, the group should be capable of around £140m pre-tax this year, which leaves the shares on a prospective multiple of about five, assuming a tax charge of just over 20 per cent.

Considering that Courtaulds made less money last year than in 1975, on double the nominal sales value, the market is clearly taking a very cautious view of the company's ability to extract higher margins or indeed increase a dividend which is now comfortably covered on a CCA basis even after extraordinary items. Yet those below the line debits in themselves suggest some further scope for profit improvement through rationalisation and the energies of the past few years must have made Courtaulds less vulnerable to the next downturn in the cycle.

But in the market's eyes, last year's doubling of profits in the fibres division – on a 12 per cent increase in sales – only underlined the group's high operational gearing. The long-awaited U.S. acquisition might help to balance the impression of a cyclical, commodity based group but the dollar exchange rate which now makes the upstream businesses so profitable also leaves the U.S. looking a very expensive proposition.



Thus, the brewing division has enjoyed its share – or just a tiny bit less that its share – of the sector's improving trends but can hardly expect much further improvement in its margins. Wine and spirits profits have similarly scored an impressive gain in the circumstances, without dispelling any of the worries now hanging over the fortified wines market as well as Scotch whisky.

Even in the food division, where profits have jumped 35 per cent on a 16 per cent sales increase, much of the progress is attributed to improved efficiencies which give little clue to what comes next.

The shares are yielding 6 per cent but Allied still rests on a multiple around 7½ assuming pre-tax profits this year of £205m.

Gilt-Edged

The two sides of the gilt-edged (government stocks) market seem to be conspiring with each other to produce a vicious spiral, under which the institutions are waiting for bank base rates to rise before they end their buyers' strike and the authorities are presumably hoping for an end to the strike without the need for increased base rates (and mortgage rates, and retail inflation).

Uninvested funds are therefore piling up in vast quantities at the very short end of the money market – cash normally allocated to gilt edged perhaps amounts to £2.5bn at present – and the resulting impression of monetary excess will only sharpen the apparent need to get the funding programme moving. Perhaps the Government Broker can break into this with a tap stock that behaves like a money marker instrument – the Drop-lock Floater of 1985?

Allied-Lyons

It begins to look as though Allied-Lyons' stock market rerating in 1982 effectively discounted not one but two years' profit growth. Having bobbed around 140p all last year, the share price has edged marginally higher this year and closed up 4p at 162p last night.

Something a little more celebratory might have been expected after the 22 per cent gain in pre-tax profits to £194.9m for the year to March – a performance appreciably better than generally expected in the City, with a starring role played by the food division.

The trouble seems to lie with the group's lack of any very evident strategy for the future, now that it has fulfilled the promise held out by its original merger and viewed with such suspicion before 1982. The latest results from Bass and Whitbread, and yesterday's news from Grand Met indicate strategic changes among the group's principal competitors which have left this perceived weakness at Allied more conspicuous than ever.

Grand Metropolitan

The Liggett & Myers cigarette business was tied securely into the L&M package when Grand Met bought it in 1980, but it never figured in the group's long-term plans, except as an asset to be sold off next time cash was needed for the acquisition trail. Selling the cigarette business in a management buyout – for $325m – suggests that Grand Met's investment plans, like the cigarette market, have matured.

It seems a good point in Liggett's career for Grand Met to do such a deal; the growth of the generic cigarette market, which has helped Liggett to double market share since its acquisition, looks vulnerable to growing incomes in the U.S. recovery, while the activity still seems likely to be eating up cash for the next year or two.

The terms may be less favourable to Grand Met than was expected when the prospect emerged in January, but they represent a premium to assets and a multiple similar to those of the U.S. tobacco majors. It is in any case taking a leaf from the stock market's book for Grand Met to make an exit from an earnings source of limited quality; the low ratings of BAT and Imperial make the point.

The preferred emphasis on branded consumer goods and services clearly gives Grand Met plenty of room for experiment. It is hanging on to former Liggett businesses as diverse as exercise machines and chewing tobacco – a previously unsung growth area – as well as adding to its investment in petfoods and soft drinks.

Grand Met to sell U.S. unit

BY RAY MAUGHAN IN LONDON AND TERRY DODSWORTH IN NEW YORK

GRAND METROPOLITAN, the British breweries, dairy, bookmaking and hotels group, has agreed in principle to sell its U.S. cigarette business to local management and employees for $325m.

In a deal financed by outside investors, GrandMet USA, Grand Metropolitan's American subsidiary, expects to conclude the disposal of Liggett & Myers, the tobacco division of the Liggett group, in about six weeks.

Grand Metropolitan paid £570m for Liggett four years ago in the face of a counter bid from Standard Brands, the U.S. food manufacturer, and the sale to Pernod Ricard of Liggett's Austin Nichols drinks distribution operations in the course of Liggett's lengthy defence.

Liggett's drinks division had been the principal attraction for Grand Metropolitan and Mr Clifford Smith, chairman of GrandMet USA, said yesterday: "We did not know much about Liggett & Myers when we acquired it and we did not value it very highly."

Liggett & Myers makes Eve, Lark and L & M brand cigarettes but much of its recent growth has flowed from the successful introduction of unbranded cigarettes. Its pre-tax profits before interest reached $60m in the year to September although its contribution is understood to have fallen in the subsequent six months.

Its volume sales are increasing but Liggett & Myers will be absorbing cash for capital re-equipment and stockbuilding for another two years, Mr Smith said. Market share has risen from about 2.6 per cent at the time of acquisition to more than 5 per cent presently but the U.S. tobacco sector is shrinking by about 4 per cent annually on Mr Smith's calculations.

"Our whole objective is to develop and increase our investment in the U.S. in areas which will show long-term growth from a demographic and business point of view," Mr Smith said.

Grand Metropolitan has been discussing the sale of the cigarette operations to management for several months and is focus ing primarily for redeployment on what it calls the "branded consumer services and branded consumer products sectors."

For example, the acquisition of Children's World, for $38m in August last year, "lines up with the demographic trends", Mr Smith said.

See Lex

Japan, U.S. agree on yen package

Continued from Page 1

and could quadruple in size over the next decade.

From December 1, non-Japanese private corporations, state and local governments and government agencies will be allowed to issue unsecured bonds in the Euroyen market, subject to certain, and possibly controversial, rating standards. At present only national governments and international organisations have this right.

Also from December 1, any foreign company, whether or not represented in Japan, may lead manage European bond issues; other previous restrictions covering co-managers and underwriters also appear to have been relaxed.

By the end of this year, the Japanese Government has agreed to draw up a concrete scheme to create a yen-denominated bankers acceptance market, used mostly in trade finance; such a market should be operative "shortly thereafter".

Japan is committed to removing interest rate ceilings on large time deposits "in 2 to 3 years," and to allow, by April next year, banks to issue lower yen denomination certificates of deposit of Y100m (the current floor is Y300m) and certain other types of instruments with market-related interest rates.

Dunlop, Sumitomo conclude deal

BY RAY MAUGHAN IN LONDON

DUNLOP HOLDINGS, the UK tyre group, is poised to make, an "imminent disposal," Sir Maurice Hodgson, the chairman, told shareholders at the annual meeting of the group yesterday.

He said the group concluded its negotiations last Sunday with Sumitomo Rubber Industries for the sale of Dunlop's tyre manufacturing operations in the UK and West Germany. These provide for the payment of a further £45m ($62m) from Sumitomo. A sum of £43m for the sale of Dunlop's 40 per cent stake in Sumitomo had already been received from the Japanese company.

Yesterday's meeting was prolonged and tetchy as shareholders criticised the directors for the £137,400 compensation paid to Sir Campbell Fraser, the former chairman and now president. Resisting the call from one of their number to "look forward rather than backwards," the question of Sir Campbell's payment was repeatedly raised.

The adoption of the report and accounts seemed too finely balanced when it came to a show of hands and Sir Maurice called for a poll. The resolutions for the re-election of five directors who had retired by rotation met a similar outcome and, as the meeting grew increasingly heated, the chairman was interrupted midway through the resolution to re-elect, Mr Ghafar Baba, chairman of Pegi Malaysia Berhad, Dunlop's 26 per cent shareholder. The resolution was only put after the meeting had formally closed. The results of these polls will be declared on Friday.

U.S. N-plant onstream after 12 years

By Terry Dodsworth in New York

THE ONLY power unit to be completed in the disaster-stricken Washington Public Power Supply System's (WPPSS) nuclear project began operating yesterday – 12 years after work started on the site.

Unit number 2 was completed at a cost of around $3.2bn, seven times the estimate of $450m. Two other units in the project were deferred and two abandoned, leading to the largest municipal bond default in the U.S., of $2.25bn.

The project was hit, like many other U.S. nuclear construction programmes, by building delays associated with tougher safety requirements and the high cost of debt financing.

The circumstances under which the default occurred are being investigated by the Securities and Exchange Commission, while Chemical Bank, as trustee to the bondholders, is also suing WPPSS and affiliated utilities.

Apart from Chemical Bank's action, around 60 lawsuits are outstanding against the utility, mainly on the grounds of withholding information.

Chernenko stresses arms condition

SOVIET President Konstantin Chernenko said yesterday that West Germany would be safe from nuclear attack only if it removed U.S. nuclear missiles.

Replying to a message from Frau Petra Kelly, the West German Greens party leader, Mr Chernenko said: "You ask how to preclude the possibility of the use of nuclear or chemical weapons against the Federal Republic of Germany and what conditions it should fulfil for this.

"The conditions, as we see it, boil down actually to one: under no conditions should the republic ever become a bridgehead for the preparations and perpetration of aggression against the Soviet Union and its socialist allies."

In its campaign against the deployment of U.S. Pershing missiles in West Germany, Moscow has argued that they are intended to launch a U.S. nuclear attack from German territory. Reuter

World Weather

		°C	°F
Ajaccio	F	17	63
Akrotiri	C	22	72
Algiers	–	–	–
Amsterdam	C	11	52
Athens	S	24	75
Bahrain	C	37	99
Bangkok	C	33	91
Barcelona	–	–	–
Beirut	S	24	75
Belgrade	S	23	73
Berlin	R	13	55
Biarritz	C	15	59
Blackpool	S	12	54
Bordeaux	C	13	55
Brussels	D	11	52
Budapest	F	18	64
B. Aires	–	–	–
Cairo	F	36	97
Cape Town	S	21	70
Caracas	–	–	–
Casablanca	C	18	64
Copenhagen	F	19	66
Corfu	S	25	77
Dublin	F	16	61
Dubrovnik	S	18	64
Faro	F	18	64
Florence	F	19	66
Frankfurt	F	13	55
Funchal	F	20	68
Geneva	C	12	54
Gibraltar	F	17	63
Guernsey	S	13	55
Helsinki	F	18	64
H. Kong	R	25	77
Innsbruck	S	13	55
Inverness	S	13	55
Istanbul	F	23	73
Jersey	C	12	54
Jo'burg	F	17	63
Las Palmas	C	20	68
Lima	C	22	72
Lisbon	R	16	61
Locarno	C	13	55
London	C	12	54
Los Angeles	F	35	95
Luxembourg	C	10	50
Madrid	R	21	70
Majorca	–	–	–
Malaga	–	–	–
Malta	S	24	75
Manila	F	35	95
Miami	R	25	77
Milan	R	11	52
Moscow	F	19	66
Munich	F	12	54
Nairobi	F	23	73
Naples	F	19	66
New Delhi	F	44	111
New York	R	18	64
Nice	S	18	64
Oporto	S	17	63
Oslo	C	18	64
Paris	R	9	48
Prague	F	11	52
Reykjavik	F	7	45
Rio de J'o	C	33	91
Rome	F	19	66
Salzburg	C	13	55
Seoul	C	25	77
Singapore	C	31	88
Stockholm	C	18	64
Strasbourg	C	14	57
Sydney	C	20	68
Taipei	R	27	81
Tangier	F	18	64
Tehran	–	–	–
Tel Aviv	S	29	84
Tenerife	C	22	72
Tokyo	C	22	72
Toronto	R	10	50
Tunis	S	23	73
Valencia	–	–	–
Venice	S	18	64
Vienna	F	14	57
Warsaw	F	18	64
Zurich	C	10	50

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Spy satellite plan

Continued from Page 1

Aerospatiale and Messerschmitt have built up links in civil and military aerospace deals over 25 years, in projects including the European Airbus, the Ariane space rocket, television satellites, military aircraft and missiles.

The companies will be involved in drawing up plans for the military satellite, which seems likely to draw heavily on previous French plans for its own military observation satellite, Samro, based on the Spot civil observation craft manufactured under the leadership of the state-controlled Matra group.

The Samro project, originally planned to produce satellites for the late 1980s, was shelved in autumn 1982 for budgetary reasons.

David Housego adds: France and West Germany yesterday agreed in principle that this year's deficit in the EEC budget should be met by cuts in expenditure and advance payments contributed by member states, according to Mr Roland Dumas, the French Minister for European Affairs.

M Dumas said the two countries would seek the support of other member states for these proposals at the Fontainebleau summit.

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FINANCIAL TIMES
Wednesday May 30 1984

BMW counts costs of metal industries strike

BY JOHN DAVIES IN MUNICH

BMW, the West German car and motor cycle manufacturer, made a strong start to the year before being stopped in its tracks earlier this month by the labour conflict in the country's metal industries.

Herr Eberhard von Kuenheim, the chief executive, said BMW was missing out on sales revenue of between DM 50m ($18.5m) and DM 60m a day but nevertheless was still "relaxed" as it waited for an end to the dispute over the demands for a shorter working week.

But the company doubts whether it can make up later this year for all the production now being lost, as its assembly lines – like those of other car makers – stand still for lack of components from strike-hit suppliers.

With a tinge of bitterness, Herr von Kuenheim said the company would "lose terrain" which it had steadily gained over years, while the industry and its workers would lose credibility abroad as reliable producers.

After further expansion last year, BMW kept up its momentum in the first four months of this year by producing 169,000 cars, 22 per cent more than a year earlier.

The production rise, boosted by domestic and foreign demand, was well ahead of the 9 per cent increase for the West German motor vehicle industry as a whole.

Herr von Kuenheim said that BMW lifted car exports 24 per cent to 105,000 in the first four months of this year, while the industry as a whole exported 8 per cent more cars.

New registrations of BMW cars in West Germany were up 13 per cent at 66,500, well ahead of the 5 per cent rise in the market. As a result, BMW increased its market share to over 7 per cent, compared with 6.6 per cent in the whole of last year and 6 per cent in 1982.

BMW's motor cycle sales in West Germany, lifted by the new K-series models, were 19 per cent ahead in the first four months of this year, in sharp contrast to a 20 per cent drop in the total market.

Before being hit by the labour conflict, BMW had set targets of producing 450,000 cars and 32,000 motor cycles this year.

Last year the company lifted car production 11 per cent to 421,000, with sales aided by the new generation of 3-series models introduced in late 1982. Motor cycle production was down 8 per cent at 28,000 last year, because of the poor market and the effects of switching to the K-series last autumn.

However, Herr von Kuenheim said that since the drying up of components stopped the assembly lines from May 18, BMW was losing production of 2,000 cars and 150 motor cycles a day.

BMW executives indicated that even if the labour dispute ended quickly, it would be virtually impossible to make up the lost car production this year.

On optimistic estimates the company would lose the production from two shifts on at least 10 working days, totalling 20,000 cars.

Theoretically, workers could then be persuaded – through extra money – to work one shift on Saturdays to produce 1,000 extra cars a week. Even if workers were willing to do this every Saturday for the rest of the year, their efforts would be halted by works holidays in August, when some essential work is carried out on equipment.

The pre-tax profit of the parent company rose 58 per cent to a record DM 905m. After paying DM 617m in taxes, BMW distributed the DM 288m net profit equally into reserves and to shareholders. The dividend was increased from DM 10 to DM 11 plus DM 1 bonus per share.

Cockerill predicts break-even

BY PAUL CHEESERIGHT IN BRUSSELS

COCKERILL-Sambre, the Belgian state-controlled steel group undergoing a major reorganisation, expects to break even by 1985 following a marked reduction in operating losses during the first quarter of this year.

Operating losses for the three months were BFr 968m ($17.4m) and Cockerill said it would have been in profit in March but for strikes. The group ran up an operating deficit of BFr 2.74bn during the first quarter of 1983.

New orders for steel are running at a reasonable level, and selling prices are higher than they were a year ago, the company said.

Cockerill Sambre said it has covered its accumulated losses of BFr 63.9bn.

The last stage of a complicated series of financial rearrangements has been put in place with advances by the banks to the Belgian Government of BFr 16.2bn.

The balance of the losses had earlier been covered by drawing on reserves and by the injection of new capital, which has left only a tiny private shareholding in the group.

With financial costs of restructuring stripped out, Cockerill Sambre ended 1983 with a loss of BFr 17.6bn, against BFr 18.8bn in 1982.

News of the latest financial arrangements followed an agreement with the unions on the terms for reducing the workforce by 9,000, a third of the total, opening the way for plant closures this year and next.

Japan agrees to open way for expanded use of yen

JAPAN has finally agreed, after substantial pressure from the U.S. and from domestic financial institutions, to a package of measures aimed at making its currency more widely used internationally. The changes to the country's domestic capital markets are given in a 60-page report published in English yesterday.

Excerpts from the report by the working group of the joint Japan-U.S. ad hoc group on yen-dollar exchange rate and financial and capital market issues.

Euroyen Bond Market

1. Issues by non-Japanese residents:

The Ministry of Finance (MoF) decided that effective from December 1, 1984 non-Japanese private corporations, state and local governments and government agencies, as well as national governments and international agencies, will be authorised to issue bonds in the Euroyen market on an unsecured basis.

Initially those companies which meet the criteria of the Samurai bond market will be allowed to use the Euroyen market. From April 1985 there will be a further relaxation to allow those with a credit rating of AA or better, as well as a number of international corporations with A ratings, to participate.

In the future, the MoF may replace such criteria with a system dependent on credit ratings only.

There will be no restrictions on the number or size of Euroyen issues by non-residents and prior use of the Samurai market is not a prerequisite.

2. Euroyen issues by Japanese Residents:

As from April 1, 1984 the terms of these were liberalised so that about 30 Japanese corporations could make straight issues and approximately 100 could issue convertibles. There are no limits on the size or the total number of issues. A period of 180 days should pass before the reflow into Japan of such issues will be allowed.

Withholding tax will apply to interest payments on such issues.

3. Other matters:

It is expected that Euroyen bond issues will follow the general pattern of the Eurobond market. In addition the MoF has announced that both residents and non-residents would be able, without limitation, to swap non-yen bonds into yen ones by using either forward exchange markets or currency swap techniques.

Recommendations of a further liberalisation of these bonds will be considered within one year.

Lead and Co-lead Management

1. Effective December 1 1984 there will be no guidance, restrictions or requirements on lead managers of Euroyen issues. All firms will be able to engage in these activities on an equal basis and it will not be necessary to have a branch or representative office in Japan.

2. No guidance, restrictions or requirements on the choice of co-lead managers or on the composition of underwriting or selling groups. There will be no regulations covering the distribution or allocation of such issues. However, such securities may not be sold to Japanese residents for 180 days after issuance.

Further, there will be no restrictions of any kind on the choice of lead or co-lead managers for non-yen Eurobonds issued by Japanese residents or for issues in the Samurai market – with the exception that managers must be licensed to do securities business in Japan.

Foreign securities companies not licensed in Japan would, of course, be permitted to sell such issues to their customers outside Japan.

Characteristics of a Euroyen bond market

The Euroyen bond market, including all issues whether by Japanese residents or non-residents, will have the following characteristics:

- No requirement for the provision of collateral or security;
- No requirement that there be an indenture trustee;
- No guidance or restrictions on interest rates;
- No restrictions on currency or interest rate swaps, whether with Japanese residents or non-residents;
- No guidance on underwriting fees, commissions, etc.;
- No maximum or minimum denomination of individual securities;
- No restrictions on maturity (five years or more);
- No requirement for issuance in registered form;
- No restrictions on transferability; and
- No limitations on the countries in which the securities can be sold (other than each country's own regulations).

Leading Swedish banks advance

By David Brown in Stockholm

PROFITS at Sweden's two leading commercial banks – Skandinaviska Enskilda Banken, and Svenska Handelsbanken (SHB) – climbed to new highs during the first four months. Development at the state-owned PKbanken was much slower and profitability declined against last year.

A substantial fall in interest rates cut the banks' funding costs and allowed all to improve interest income to varying degrees. Rates are now tending upwards, however, and profits are expected to grow more slowly through the rest of the year.

Svenska Handelsbank was again the most profitable bank in Sweden. Group operating income rose 28 per cent to SKr 756m ($34.5m). Return on group equity advanced to 24.1 per cent, compared with 23.5 per cent at year's end.

SHB's net interest income climbed 29 per cent to SKr 1bn, while total income including fees from securities trading advanced 26 per cent to SKr 1.37bn. Operating profits at the bank were ahead 35 per cent to SKr 661m, after credit loss provisions of SKr 122m up 54 per cent.

SHB increased the share capital of its London-based Svenska International by 60 per cent in May to £25m ($34.5m), and plans to open a subsidiary in Singapore. Its balance sheet total was SKr 141.4bn at the end of last year.

S-E Banken, Sweden's biggest bank which finances over half the country's exports and is its biggest foreign exchange trader, reports an 18 per cent rise in group operating income to SKr 906m.

Net interest income rose 19 per cent to SKr 1.1bn and fee income rose 25 per cent to SKr 1bn. Credit losses and provisions advanced 11 per cent to SKr 175m. S-E Banken predicts full year results will climb between 10 and 15 per cent from the SKr 2.3bn achieved last year.

PKbanken, which is attempting a limited public offering to raise about SKr 500m to reduce the government's stake to about 85 per cent, returned a more moderate earnings improvement.

Profitability declined from 17 per cent last year to 18.2 per cent for the four months this year. Despite a forecast rise of 10 per cent in operating profits for the year against the SKr 1.4bn achieved in 1983, profitability is still expected to remain below last year's levels.

Karstadt raises dividend

By Rupert Cornwell in Bonn

KARSTADT, the largest West German retail group, yesterday announced an increase in its 1983 dividend. At the same time it revealed plans to incorporate fully Neckermann, its troubled mail order subsidiary.

The company will raise its shareholders' payment to DM 7 per DM 50 nominal share, from the DM 6 paid in 1982, after profits of DM 50.4m ($18.5m) and a modest 2 per cent sales increase to DM 9.4bn last year.

The incorporation of Neckermann completes a process begun in 1976 and 1977, when Karstadt acquired a 51.2 per cent holding. That interest subsequently increased to 91.2 per cent, as small shareholders sold out ahead of a capital write-down three years ago.

The remaining minority shareholders will now be offered one Karstadt share per three Neckermann shares held. The terms are expected to be formalised shortly before Karstadt's annual meeting on July 16.

THE STATE-OWNED CONCERN PREPARES FOR PRIVATISATION

Air Canada charts a new course

BY BERNARD SIMON, RECENTLY IN MONTREAL

CANADA'S state-owned airline, Air Canada, is steeling itself for a sharp change in direction, in circumstances which most businesses would consider far from ideal.

The airline has flown through some rough weather lately. After a C$32.6m ($25m) loss in 1982, it posted a small C$3.8m net profit last year, but slipped back to a C$19.6m loss in the first quarter of 1984. Long-term debt rose from C$634m to 1980 to C$1.1bn last year, raising the debt : equity ratio from 1.3 to 1 to 2.2 to 1.

The headaches have not only been financial ones. Last year an Air Canada DC-9 was destroyed by fire after an emergency landing at Cincinnati, U.S.; a new Boeing 767 had a lucky escape by landing on a deserted airfield after running out of fuel over the prairies. Mr Rene Amyot, the non-executive chairman of the airlines' board, resigned last November amid a controversy on the selection of Air Canada's new headquarters in Montreal and a running feud with senior management.

Air Canada's biggest challenge is yet to come as the Government presses ahead with plans for the gradual deregulation of the Canadian air system. Air Canada accounted for 55 per cent of ton-miles (passenger and cargo) flown in the country last year. It clearly stands to lose most from a policy which includes opening up more long-distance routes – currently the preserve of Air Canada and the privately-owned CP Air – to smaller, regional airlines.

The Government also instructed Air Canada earlier this month not to abuse its dominant position in efforts to retain its market share, and ordered a parliamentary commission to investigate whether the airline – once the biggest carrier outside the U.S. – should be broken up or privatised.

None of this seems to dismay Mr Claude Taylor, a 35-year veteran of the airline who has been president for the past eight years and was named executive chairman last week. (The new president is Mr Pierre Jeanniot, formerly executive vice-president). Mr Taylor has no intention of watching others nibble away at Air Canada's market share and is still planning for a profit in 1984 as a whole.

He is confident that a decision to sell at least part of Air Canada to private investors – which is likely within the next few years – will help rather than hinder the airline. There is general agreement, Mr Taylor says, that "if there's going to be liberalisation, then everybody should play by the same rules."

Pointing out that recent borrowings have been negotiated without government guarantees, he argues that "we have outgrown the need to be state-owned."

The move towards privatisation has already started, with pressure on Air Canada to begin disposing of its 87 per cent interest in the Quebec-based regional carrier, Nordair. Yesterday, Innocan, a privately-held investment company, and a group representing more than half of Nordair's employees made a joint offer of C$37.8m or $20 a share for Air Canada's stake.

Mr Taylor talks of Air Canada providing "the non-stop, quality product that the customer wants," especially on transcontinental routes. He says the airline's sales staff have been told to be "as aggressive as never before." Air Canada has no intention of withdrawing from its domestic markets and "other people are going to have to catch us."

The fact remains that the only direction for the airline to go in the domestic market is down. It already serves almost every major Canadian city and has the lion's share of the market on most routes.

If the authorities carry out their deregulation promises, Air Canada may find it difficult to hang on to its market share without sweeping fare cuts, which may squeeze margins more than they generate new traffic. Margins are already under pressure. Traffic volumes edged up by 3.5 per cent in the first quarter and average revenue from each passenger declined by 8 per cent.

The murky domestic outlook has prompted the airline to give higher priority to international services. According to Mr Taylor, "we see the international routes as being our major growth area."

Expansion of the European network has already begun – flights to Geneva and Munich began earlier this year. Next will be South-east Asia, with Air Canada's first services to the region, once the preserve of CP Air, due to begin in mid-January. Unlike Vancouver-based CP Air, which flies across the Pacific, Air Canada plans to serve Asia as an extension of its European routes.

Mr Claude Taylor

The make-up of its fleet is gradually changing to place more emphasis on frequency of service rather than mere capacity. The airline has mothballed three of its seven Boeing 747s and now relies mainly on smaller Lockheed L-1011s on its international routes.

Its new 767s, a dozen of which will be in service by the end of the year, will enable it to increase the frequency of long-haul North-American routes. The extended range version of the 787 is likely to be used on some transatlantic services.

Mr Taylor says that the attention being given to international routes is already paying off.

Court ends row over Biscayne

By Our Financial Staff

THE U.S. Supreme Court yesterday ended a long-running legal battle over the takeover by the Federal Home Loan Bank Board of Biscayne Federal Savings & Loan Association, the Florida-based S & L declared insolvent by the board in April 1983.

The Supreme Court let stand a Federal Appeals Court ruling that the board acted properly when it took over Biscayne, which had assets of $1.97bn at the time of the takeover. It has since been transferred to a subsidiary of Citicorp, the largest U.S. bank holding company.

The sale of Biscayne had been prevented by a court challenge from Biscayne and its former principal shareholder, Kaufman & Broad, the Los Angeles-based insurance and real estate group. Soon after the takeover, a Federal district court in Miami issued an injunction blocking the board from seizing Biscayne, saying the board exceeded its authority.

But in November an Atlanta Appeals Court overturned the lower court's ruling, deciding that the board had the authority to act once it found Biscayne to be insolvent.

Skis Rossignol looks to 40% earnings boost

By Paul Betts in Paris

SKIS ROSSIGNOL, the leading French ski and sports equipment group, predicts a 40 per cent growth in net earnings this year to about FFr 40m ($4.7m) from profits of FFr 29m last year.

The company plans again to manufacture skis in the U.S., where it ceased production in 1982. But the group, which has benefited from a general recovery in its operations, says its plans for the U.S. remain cautious.

The ski manufacturer saw its share of the world market grow from 17 per cent to 18.3 per cent last year in volume terms and to 25.1 per cent from 24 per cent in cash terms. The company sold 1.54m pairs of skis during the 1983/84 season compared with 1.59m pairs in the previous period.

The group's FFr 29m profit last year was a little more than expectations of earnings of about FFr 25m and compared with profits of only FFr 2.4m the year before.

Sales, including the recently developed tennis racquet business, rose by about 10 per cent to FFr 1bn last year. Sales are expected to grow by about 15 per cent this year.

The recovery in the U.S. has enabled the company to consider reviving its American operations during the 1985-86 season, according to M Laurent Boix-Vives, chairman. But initially, the group is unlikely to manufacture in the U.S. more than 10 per cent of the 400,000 pairs of skis a year it was producing there previously.

Profits surge at U.S. retailers

BY TERRY DODSWORTH IN NEW YORK

TWO LEADING U.S. stores groups, which recently held talks on a possible "business combination," yesterday reported sharply higher earnings in the first quarter of this year.

American Stores, a western-based food and drug retailer, achieved a 19 per cent advance from $21.87m, or 85 cents a share, to $25.96m, or 78 cents a share.

Jewel Companies, a similar organisation with substantial interests in Mexico announced a 13 per cent increase in net income from $14.40 or $1.06 a share, to $16.5m, or $1.23 a share.

The talks between the two companies earlier this month have led to some speculation in their shares, but so far there has been no announcement of any agreement.

In the first quarter, it increased sales by almost 11 per cent to $2bn from $1.89bn in 1983. Its profits were also struck after a higher charge under its Lifo (last in first out) inventory accounting system, which increased to $1.54m from $1.35m last year.

Sales at Jewel rose from $1.27bn to $1.34bn.

Sharp improvement for two Italian insurers

BY ALAN FRIEDMAN IN MILAN

ITALY'S two largest insurance companies have announced an increase in 1983 net profits. Assicurazioni Generali, the largest insurer in Italy which is based in Trieste, said its net income last year was 21.1 per cent higher at L63.1bn ($37.3m).

RAS, the Milan-based insurance group which is 37.9 per cent controlled by the ailing Catholic financier, Sig Carlo Pesenti, said its 1983 net profit rose by 27 per cent to L15.1bn.

Generali, whose share price on the Milan bourse yesterday fell L290 to L34,940, is paying a 1983 dividend of L325 per share, up 18.2 per cent. The group is doubling its share capital to L250bn. Generali is placing L16.5bn into its special provisions fund, which already totals L104.8bn. The group's 1983 investments came to L411bn, up by a quarter on the previous year.

● Toro Assicurazioni, Italy's eighth largest insurance company which is now controlled by the Agnelli family, has announced a rise in profits in 1983 to L29.7bn, compared with L11bn in 1982. The 1982 profit was down from L18bn in 1981, in part because of a L30bn loss as a result of Toro's investment in the defunct Banco Ambrosiano being wiped out. Sig Roberto Calvi, the late Ambrosiano chairman, used to control Toro through Ambrosiano's financial holding company La Centrale, which last year sold control to the Agnellis.

Bonomi company plans disposals

By Alan Friedman in Milan

THE INVEST group, a Milan-based private conglomerate of more than 70 companies which is controlled by the Bonomi family, plans to dispose of several of its industrial holdings in order to transform itself into a financial investment company.

Sig Carlo Bonomi, chairman of Invest, said in Milan yesterday that the sale two weeks ago of Invest's Mira Lanza detergent subsidiary was only one of several asset disposals designed to reduce his group's debt and re-orient it away from manufacturing and toward investments. Montedison, Italy's chemicals giant, paid L63.7bn ($37.8m) to acquire control of Mira Lanza.

Sig Bonomi, who lives much of the time in London, said the proceeds from the sale of Mira Lanza would be used to reduce the group's indebtedness, which now stands at around L120bn. This is double the group's 1982 indebtedness. The Invest chairman, who has been working in recent years to change the group from a family business to a normal holding company, said the group was negotiating the sale of its control of Milano Assicurazioni, the insurance company which it values at around L150bn. In addition, the group's postal market mail-order company might also soon be sold.

Last year Invest's consolidated net profits totalled L12.1bn, up 24 per cent on 1982. Group consolidated turnover was L1,598 bn, against L1,312bn

Nestle expected to retain control of Malaysian unit

BY CHRIS SHERWELL IN SINGAPORE AND WONG SULONG IN KUALA LUMPUR

NESTLE, the Swiss food and drinks manufacturer, is expected to retain a controlling majority stake in its Malaysian operations when ownership of the business is restructured, probably later this year.

The concession by the Malaysian government would represent a major change in its attitudes to foreign investment and mark a further important relaxation in the New Economic Policy, which aims to give Bumiputras (indigenous Malays) a greater share of the country's wealth.

The policy, first introduced in 1970, requires foreign companies to restructure their local operations so that Bumiputras own 30 per cent of the equity and other Malaysians another 40 per cent.

Nestle has been negotiating terms with the Malaysian authorities since last July, and these are now close to being finalised on the basis of majority control. The company's local partner is thought to be a tripartite consortium led by the Pilgrims Management and Fund Board (Tabung Haji).

The new company is expected to have a paid-up capital of some 250m ringgit ($108m) and an annual sales turnover of around 600m ringgit. The policy departure over ownership appears to be related to Nestle's control of its brand-name, without which local operations might not be as lucrative.

Earlier this month Dr Mahathir Mohamad, the Prime Minister, announced another change in foreign investment policy when he said large foreign manufacturers in capital-intensive and resource-based industries which were geared to exporting would also be allowed to retain their majority stakes.

These concessions reflect the government's growing desire to attract foreign investors to Malaysia, especially in the high-technology and export fields it wants to see developed further.

Previously the main exceptions to the policy were foreign-owned companies operating in the country's free trade zone and exporting all or most of their output.

Jump in margins at Reliance Textile

By R. C. Murthy in Bombay

PROFIT MARGINS of Reliance Textile Industries (RTI), India's fastest growing company, ranking fifth by sales, expanded in 1983. Turnover rose by 24 per cent to Rs 5.03bn ($445m) from Rs 4.06bn and gross profits jumped by 61 per cent to Rs 699m from Rs 433.3m in 1982. The dividend is raised to 30 per cent.

The surge in sales and profits was in contrast to the depressed performance of many textile mills. Mr D. H. Ambani, RTI's chairman, says this has been possible due to innovative product development to meet changing consumer tastes and to dynamic marketing. The company has 400 dealers and more than 1,200 retail outlets which, it claims, is the largest nationwide textile marketing network.

However net profits for 1983 were only Rs 107.7m compared with Rs 196.6m despite the company making no provision for tax. Provisions for depreciation and additions to the investment allowance reserve were doubled substantially to sales last year.

Reliance Textile hopes to acquire by mid-year the petrochemicals and plastics plants from Union Carbide India, with whom an agreement was reached early this year. It proposes to invest Rs 1.1bn in modernising its textiles, polyester yarn, chemicals, and plastics plants. When completed, the chemicals and plastics plants, to be acquired from Union Carbide, will double production to Rs 1bn a year.

Japanese shipping lines hit hard

BY YOKO SHIBATA IN TOKYO

THE STRUCTURAL recession in Japan's shipping industry has become very serious. Three of the six major shipping companies are in the red and the others have suffered steep falls in net profits in the year to March.

Despite an 11.7 per cent improvement in the value of Japanese exports ocean cargo movements have been slack reflecting the increasing tendency of Japanese industry to give priority to light, compact and high value added products and to air cargo transportation. The tramper and tanker markets have been extremely sluggish, affected by the declining volume of transport of raw materials and fuels, and exacerbated further by heavily increased deliveries of new vessels.

Because of increasing competition from the non-liner conference ships of developing countries, which have advanced into the international shipping business, helped by cheap labour, the Japanese companies have been obliged to reduce their freight rates.

Nippon Yusen, the world's largest shipping concern in terms of hulls owned, for example, suffered parent company revenue falls of Y64.3bn ($278m), with its liner section down by Y22.6bn to Y343.4bn and its tramper sector by Y45.5bn to Y254.8bn. The yen's appreciation cost the company Y17bn and Y20bn from the effects of rationalisation. Y20bn from lower fuel costs and an improvement in its financial standing failed to cover the downturn.

Nippon Yusen sees an improvement in cargo movement in the current year helped by the recovery of the U.S. economy but there is little hope of a recovery in freight rates and full-year pre-tax profits are forecast to fall by 14 per cent to Y9bn.

Volvo lifts first-quarter profits by 154%

BY KEVIN DONE, NORDIC CORRESPONDENT IN GOTHENBURG

VOLVO, the Nordic region's biggest industrial corporation, increased its profits by 154 per cent in the first quarter of the year, the strongest performance in the company's history following a record result in 1983.

Its profitability has been boosted by the continuing surge in car sales, the strong recovery of its truck operations and the elimination of last years' huge losses at Scandinavian Trading Company, it oil trading subsidiary.

Group profits before tax and allocations jumped to SKr 2.6bn ($324m) in the first quarter compared with SKr 1.025bn in the first three months of 1983.

The first quarter results do not include the capital gains of SKr 1.7bn Volvo has made from its recent hugely profitable share sales with the disposal of its 25 per cent stakes in Atlas-Copco, the engineering group, Stora Kopparberg, the forest products concern and Consafe, the offshore accommodation platform operator.

Group sales overall dropped to SKr 21.687bn in the first quarter from SKr 23.631bn in the same period last year reflecting a 40 per cent drop in the turnover of Volvo's energy operations.

STC's loss-making oil trading and oil and gas exploration and production operations have been radically overhauled and sales of the energy activities shrank to Skr 6.9bn from SKr 11.5bn in the first quarter of 1983.

STC cost Volvo some SKr 1.1bn in losses last year but it has recently disposed of the chief burden, Scandrill, the U.S. oil and gas producer, to Bankers Trust, the subsidiary's main creditor. The loss on this disposal was covered by a SKr 500m provision in Volvo's results last year.

Excluding energy, turnover of Volvo's operations rose by 31 per cent in the first quarter. Some 85 per cent of sales came from outside Sweden.

The car division, which contributes the overwhelming share of group profits, increased volume sales to 95,000 units from 81,000 in the first quarter of 1983 with turnover jumping by 34 per cent to SKr 8.29bn. Car sales improved in particular in the U.S., Italy, France, Holland and West Germany. Car sales in the U.S. are expected to rise to more than 100,000 this year from 91,800 in 1983.

Sales of the truck division also staged a dramatic recovery after last year's stagnant performance with both the volume and value of sales jumping by around 50 per cent. The value of truck sales rose to SKr 3.57bn helped by a surge of deliveries to the Middle East, particularly Iran.

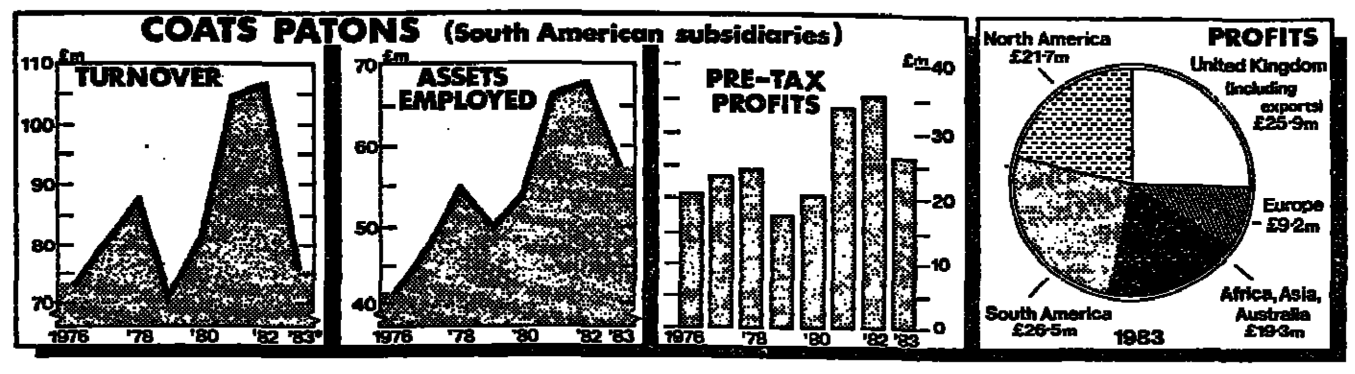
Volvo said that truck prices were still under pressure but demand was rising in Western Europe and particularly sharply in the U.S., where its Volvo White truck manufacturing subsidiary was finally operating at a profit.

At the end of March Volvo had liquid assets of Skr 13.9bn. Mr Pehr Gyllenhammar, group chairman, said the company was currently "considering very carefully" how surplus liquidity should be invested but no decisions have yet been made.

He confirmed, however, that Volvo is aiming to raise its 30 per cent stake in Hamilton Petroleum of the U.S. to 50 per cent at some stage in the future.

Volvo's result per share jumped to SKr 34.40 in the first quarter compared with SKr 15.40 in the corresponding period last year. Return on capital in the 12 months to the end of March rose to 21.6 per cent from 18.1 per cent in the 12 months of 1983.

INTL. COMPANIES & FINANCE



The 1983 fall in South American turnover reflects the Venezuelan operation's changed status from subsidiary to associated company

Latin America still tops the UK in the Coats Patons profits league

BY HUGH O'SHAUGHNESSY

"YOU HAVE to be nimble—very nimble." Thus, Mr Bill Coats, chairman of Coats Patons, comments on his company's continuing ability to conjure the largest share of its profits out of South America.

The Glasgow-based multinational—which founded its fortunes on spinning but which has diversified into a range of activities from farming eels to producing precision die casts—obtained 26 per cent of its profits last year from South America, according to the accounts just published.

That 26 per cent was a considerable reduction from the 37 per cent of 1982 and reflected the growing economic crisis in many South American countries. It nevertheless just exceeded the 25 per cent of profits turned in by the group's British operation.

Solid business

Coats Patons' South American empire was founded in 1907 when the then J. & P. Coats set up a spinning operation which, under the name Linhas Corrente, has come to dominate the Brazilian market. A decade later Coats founded Hilos Cadena in Argentina, which also built up a solid business, overshadowing its rivals in the market.

After the Second World War, when import substitution was the password in Latin America, the company set up smaller operations. Hilos Cadena in Chile is a 66 per cent-owned subsidiary, and there are associated companies in which Coats Patons has a minority shareholding, but which it manages in Ecuador, Peru and Venezuela.

The subsidiaries last year accounted for £75.8m of the group's £888m turnover, and for £57.6m of total assets of £523.1m. If the turnover of the associated companies is taken into account, the figure for sales in South America rises to almost £100m.

The region produces more than its proportionate share of earnings, £26.5m last year, against group trading profits of £94.5m. Last year, the South American operation's return on assets hovered as usual just under the 50 per cent mark.

Local after-tax profits provide the capital to maintain and expand operations in each of the republics, and Coats is happy to confess that the company has not had to provide new capital from outside for 20 years. Assets employed have gone up from £41.6m in 1976 to £57.6m last year.

After deductions for foreign exchange losses, the group remits "about £5m to £6m" a year from South America. The company will not be drawn on exact figures.

Mr Charles Wallace, the group financial director, says he has no complaints about the level of remittances allowed by the host countries, at between 12 and 15 per cent of registered capital. "Many British companies would be happy with this sort of return net of everything," he adds.

The South American operation is overseen by some 35 expatriate managers, who employ 7,000 workers in the six countries. Likely to be stationed anywhere in the Coats Patons operations from Lima to London, they have got themselves a reputation for being tough and conservatively minded businessmen.

The strong market position the group's products enjoy in the South American markets allows Coats Patons to be leaders in pricing, a notable advantage in the conditions of near hyper-inflation that obtain in some South American countries. "In an inflationary situation it is the man who puts up his prices last who goes to the wall," says Coats.

Only when price controls are decreed by host governments does the company tend to get jumpy. The drop in profits from £24.2m in 1978 to £17.6m in 1979 was the mark left on the group's record by the price controls that the Brazilian government instituted in that year.

Coats Patons has had a government overseer at its Argentine operation since the Falklands war but his presence has caused little difficulty. "He was there to see that we were not selling off the business. As we had no plans to do so he hasn't had a great deal to do," says Coats.

Money spinner

Coats Patons has a big advantage over the other major British manufacturers in Latin America, BAT Industries. BAT's cigarettes and other tobacco products are a major item in official cost of living indices, and therefore are much more often subject to price control than less sensitive items such as Coats Patons sewing threads.

Moreover, the price of sewing thread to a clothing manufacturer is only a small part of his costs. "A garment maker can be buying thread and not noticing or caring that he's throwing half of it away on the floor," says one industry analyst. The mark-ups on non-industrial products, such as knitting yarns, are considerably higher than those on industrial thread, making them an important money spinner for the company.

For some stock exchange operators, the South American operations of Coats Patons have appeared as something of an albatross hanging round the neck of anotherwise sparkling company. There has in the past been some resentment in Glasgow that the advantages of the operation have not been better appreciated.

Bill Coats is philosophical that the market should value the operations in South America at no more than two or three times earnings. "That sort of valuation is normal in Brazil," he comments.

Will the group ever sell off its South American operations? Mr Coats says he is open minded about a realistic bid and comments that no one has ever made such an offer. If someone came along with a cheque equivalent to two or three times the 1983 profit figure of £26.5m, one suspects that he would have a favourable hearing in Glasgow. "But the cheque would have to be in dollars or sterling," he says. "I can't see it happening myself."

He asks another question: "Will 1984 be the year in which this company reaches a turnover of £1bn, assets of £500m and profits of £100m?" He makes little secret of the fact that he is trying for those three targets very hard.

UK COMPANY NEWS

Allied-Lyons advances to £195m

IMPROVED RESULTS in all divisions enabled Allied-Lyons, the brewer, vintner, hotelier and food manufacturer, to report a 22 per cent increase in profit before tax for the year to March 3, 1984.

The result, up from £159.6m to £194.9m, was achieved on turnover which also increased, by £207.4m, to £2.85bn. The directors propose a final dividend of 4.39p per ordinary share, against 3.85p, making a total of 6.81p (6.05p).

The beer division increased its profits by 11.5 per cent to £85.1m. This follows particularly strong growth in the previous year, state the directors. Total volume in the market place increased marginally during the year and the division broadly held its market share, including the lager segment. *The continuing investment in the retail estate is showing very satisfactory results.*

The wines, spirits and soft drinks division increased its profits by 12.2 per cent to £69.1m. The division maintained its trading position well, with good increases in sales of light wine and ciders, and improved exports earnings.

The food division performed particularly well with a 15.7 per cent increase in sales to exceed £1bn for the first time, and a 35 per cent increase in profits to £50.1m.

The UK companies contributed the greater part of the increase in profits, but the U.S. companies also did well and movement in sterling/dollar exchange rates was helpful. Smaller increases in profit elsewhere in the world were eroded by the relative strengthening of sterling, state the directors.

Operating costs, at £2.65bn against £2.47bn, took an increased share of the group's turnover, and the profit on disposal of properties and investments was down from £14.3m to £13.4m. The contribution of profits from related companies was slightly higher at £25.7m (£24.8m), and income from other investments fell from £2.1m to £1.5m.

Finance charges were reduced by £11.2m to £42.5m mainly as a result of lower interest rates and were helped by a gain of £2.2m from foreign currency management. The tax charge was up from £49.4m to £69.1m, and after minorities absorbed £3.5m (£4.5m) there was an attributable profit of £121.9m against £105.3m. Earnings per share, after last year's extraordinary debit of £15.6m, were 18.8p (14p).

The properties owned by the group in the UK and the Republic of Ireland, with the exception of those held on short lease, have been revalued mainly by the group's professional staff giving rise to a surplus of £185.9m which has been added to revaluation reserve.

During the year, group capital *expenditure amounted to £123.2m* (£117.9m).

Mr F. E. Showering and Sir Gerald Thorley will retire from the board at the conclusion of the AGM on July 10.

See Lex

HIGHLIGHTS

Lex takes a close look at the results of Courtaulds and Allied-Lyons, both of which have reclared their preliminary figures for last year. The textile giant showed strong profits growth from £63.3m to £117.8m at the pre-tax level, with the main impetus coming from the UK fibres division. At Allied-Lyons, profits jumped 22 per cent to £195m, thanks to a strong performance by the group's food division. As well as commenting on the market, Lex also takes a look at the Grand Metropolitan announcement of a plan to sell its U.S. tobacco business to employees and outside investors for around $325m.

Bristol Oil buys prospects in Colombia

By Dominic Lawson

Bristol Oil & Minerals, the oil finance house headed by Mr Paul Bristol is acquiring a 10 per cent promissory note of $4.4m (£3.17m) and a 16 per cent interest in almost 1m acres of exploration prospects in Colombia, from Mecom Colombia Inc.

Mecom Colombia is a wholly owned subsidiary of the private U.S. oil company, The John W. Mecom Company. The acquisition will be satisfied by the issue to Mecom Colombia of 4.31m Bristol Oil & Minerals ordinary shares, equivalent to 75p per share. Bristol Oil & Minerals' share price rose 4p yesterday to 53p.

The promissory note is payable to Bristol Oil & Minerals in five annual payments of $1.15m each. As a result of the issue of Bristol shares Mecom Colombia will end up with almost 11 per cent of the equity of Bristol Oil & Minerals.

Websters Group

The rights issue by Websters Group of 3,937,054 ordinary shares at 84p each has been accepted as to 3,625,582 shares, representing 92.1 per cent of the issue. The balance has been sold at a premium, which will be distributed to shareholders entitled thereto.

FKI Electricals up to £2.3m

EXISTING OPERATING divisions at FKI Electricals have improved their performance and the acquisition of English Numbering Machines has been "highly successful," with this company returning to substantial profits in the second half of the financial year. Group pre-tax profits for the year to the end of March 1984 rose from £1.5m to £2.26m on turnover ahead from £7.05m to £10.7m.

Earnings per share after tax rose from 0.52p to 2.34p and an increase in the final dividend from 0.2p to 0.225p is proposed. This raises the total from 0.2p to 0.425p. The directors are also proposing a 1-for-10 scrip.

Commenting on outlook Mr A. Gartland, chairman, says that initial trading in the current year shows a significant improvement, with ENM now making a full contribution. Further additions to profits may be expected from both new products under development, and from the recently acquired Tully Engineering which supplies automated barrier control systems.

Last year Tully's sales were just over £1m on which it made a modest profit. It is intended to relocate the business in the FKE factory premises in Braerley, near Halifax, in order to share overheads and maximise sales effort. The result of this move should be a substantially improved profit contribution.

The directors continue to seek further suitable acquisitions and are hopeful of concluding at least one other in the next few weeks. Because the past year has proved both very profitable and positive in cash flow terms, they expect to fund this acquisition from existing cash resources.

Net cash rose from £404,000 to £1.8m.

Mr Gartland says the acquisition of English Numbering Machines proved of substantial benefit once restructuring and re-location were complete by the half-year point. In the second half this company operated jointly with the manufacturing division.

● comment

It is nice to see FKI knocking its English Numbering Machines acquisition into shape so quickly, if only because the ENM strategy is due to be repeated elsewhere. The aim is to buy electronics companies which offer the combination of a high gross margin and a low net profit — and introduce good management. The master plan is to carry on making acquisitions at or above the size of ENM (£2.3m) for the next three or four years, with a target for group turnover of £40-£50m and profits of £5-£6m. Thereafter, the theory is that the company should settle down to more modest organic growth. It will be hard to get such good returns on acquisitions in future, since ENM and the most recent purchase, Tully, have been relocated into the last of FKI's spare factory space. But the strategy of exploiting market niches in electronics is an attractive one. The group argues, perhaps with some justification, that its historic p/e of 9.8 (on a share price up 2p to 23p) is scant recognition of a growth record that has topped 25 per cent in all but one of the last 11 years.

Petrolex places 14% of equity on USM

Morgan Grenfell is placing just over 14 per cent of the equity of Petrolex, an oil and gas exploration company, on the USM at 68p per share.

At the placing price the company will have a market capitalisation of £10.6m and a net asset value per share of 115p per share based on net assets of £18m.

The company failed to gain any licences in the Seventh Round of applications after being launched in May 1980, but was lucky in the Eighth Round gaining two licences. Earlier this year it merged with Viva Petroleum thus gaining further licences and a 0.25 per cent working interest in the Forties Field.

The Forties Field stake provides a balance of production and exploration interests with estimated recoverable reserves of around 1.9m barrels of oil. Petrolex hopes to offset the PRT liability from this production.

Dealings in the shares are expected to begin on Monday, June 4. Stockbrokers to the issue are Hoare Govett and Savory Milln.

Recovery boosts Courtaulds to £118m

THE STRONG recovery in the British textiles and clothing sectors helped Courtaulds, the world's largest textiles concern, to push its pre-tax profits up by 86 per cent in 1983-84.

Preliminary figures show pre-tax profits rising to £117.8m on a turnover of £2.04bn compared with £63.3m on £1.91bn in the year to March 1983. Whereas the operating profit on UK operations doubled to £72.7m those on Courtaulds' overseas dealings rose by just 19.7 per cent to £54.8m.

The British operations were *heavily influenced by the UK* recession ahead of other countries and during the year the ending of destocking coincided with the pick-up at retail level so that increased orders were transmitted immediately to shopfloor level.

The strong U.S. dollar also helped British operations as it made British goods more competitive at a time when that economy, too, was recovering from depressed conditions.

Despite the 6.4 per cent rise in turnover the volume increase was rather less than half the posted total. However, rather better news came from the rise in operating margin on sales, which went up from 4.3 per cent to 6.3 per cent.

"Although some benefit was derived," according to Courtaulds, "from selling prices rising more quickly than raw-material prices and other cost items, the bulk of this improvement is attributable to productivity which increased by 9 per cent."

Courtaulds gained the greatest benefits from the early stages of its production chain. Turnover in fibres went up from £750m to £840m whereas in both fabrics and consumer products the increases were minimal.

However, the group managed to get a very much better profit performance out of fabrics which soared to £13m in the year compared with only £5m in 1983.

BCL, the cellophane interests, also performed creditably, with turnover rising from £187m to £210m and profit from £8m to £12m.

There was a cash inflow of £102m, including the £69m raised through a rights issue and destined for expansion abroad, largely in the U.S. Taking into account the rights issue, debt declined to £23m at the end of March compared with £125m a year earlier.

A final of 3p is being paid, making 4.2p for the year, representing a 34 per cent increase.

See Lex

Aitken Hume at £3.8m, plans further expansion

AN INCREASE of 67 per cent, from £2.27m to £3.8m, in profits was achieved in the year ended March 31 1984 by the Aitken Hume Holdings group of investment managers, corporate financiers, and specialised bankers.

There has been a good start to the current year, and the directors are confident of significant profit growth in both the immediate future and longer term.

Having established a strong base in the UK and North America, they are seeking further opportunities for growth. Particular emphasis is on the life insurance sector at home and in fund management in the U.S., and the directors expect to announce developments in each of these areas during the current year.

The 1983-84 figures include only 24 days of profit of National Securities and Research Corporation of New York, which was acquired on March 6, the directors point out. They believe that the purchase will produce substantial benefits for the group through the marketing and development of existing products both in the UK and the U.S. This is expected to include the provision of international investment services for American pension funds.

In the year the group's U.K. operations, particularly the investment management side, have continued to grow strongly. Sales of unit trusts units were maintained at high levels throughout the year. Banking services have developed activities which are primarily directed at the investment client and professional advisers.

Corporate finance and investment banking activities were again "highly profitable," although the absolute volume of business was not significantly higher than in 1983.

The final dividend is the forecast 4p on capital increased by the November rights issue; this makes 6p net compared with 3.625p for the previous year. Gross revenue reached £20.46m (£10.2m) and the profit was struck after loan stock interest £401,000 (£428,000).

After tax £459,000 (£327,000), pre-acquisition profits nil (£21,000) and minorities £70,000 (£101,000), the net attributable balance was £3.27m (£1.82m). Earnings are 28.04p (22.68p) basic and 23.31p (17.72p) fully diluted.

The directors are satisfied that the group's existing arrangements regarding deferred tax are such that no provision is required.

● comment

Aitken Hume could not have asked for better conditions last year — unit trust sales booming and companies coming to the stock market in droves. The pace from those activities must slacken, but taking up the running is the newly-acquired NSR, the U.S. investment management group. That only contributed for 24 days to the 1983-84 figures — though the company had the use of the £16.8m rights money raised to help pay for NSR for a couple of months before that. This year NSR could comfortably chip in £2.5m plus to group profits. Its purchase highlights the group's plan to build up its fee income business, with the hope that that will improve the quality of earnings. Aitken Hume's other plans should have the same effect. There is the chance that some of NSR's U.S. pension fund clients — making about half the £1.3bn under management — might pick the company to manage their international portfolios, getting it into the fast growing ERISA market. Other planned moves — like life insurance, broking and market making — all add up to financial supermarket status. But the City is still wary of more shares being issued — the rights flopped — and the p/e is likely to stay low. The shares added 1p to 158p yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aitken Hume	4†	—	2.75	6	3.63*
Allied Lyons	4.39	July 27	3.85	6.81	6.05
Capital & Counties	3.3	July 30	3	4.4	4.2
City Site Estates‡ ... int.	0.34	July 17	0.29	—	0.58
Courtaulds	3	Aug 6	2.25	4.2	3.25
Eastern Transvaal¶	70	July 28	45	90	65
Edinburgh Financial int.	0.1	—	Nil	—	0.6
FKI Electricals	0.23	Aug 20	0.2	0.43	0.2
Hartebeest¶	425	July 28	460	725	760
Inchcape	11	July 19	11	18.15	18.15
Leisuretime Intl. ... int.	1	Nov 1	0.9	—	1.8
Maurice James	0.65	Aug 31	0.75	1.25	1.25
Pyke (Holdings) ... int.	2	—	1.5	—	3.5
Rembia Rubber	1	—	0.5	1	0.5
Zandpan Gold¶	72	July 28	78	122	128

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. ¶ South African currency throughout.

Hill Samuel buys 80% of Temenggong for £4.5m

Hill Samuel, the London merchant banking group, has bought 80 per cent of Temenggong, a Singapore-based merchant bank belonging to Bowater Corp. Under the terms of the deal, it will buy the remaining 20 per cent in three years.

The first stage of the transaction was made at a cost of $Sing 13.03m (£4.5m), and a price has been agreed for the rest. Bowater feels that, as an industrial group, banking in the Far East is not appropriate, but the deal was staged to allow it to withdraw gradually.

Temenggong's main activities are trade and other short-term financing with a small but growing investment management and corporate finance business. Its net asset value is $Sing 13m and 1983 profits were $Sing 4.3m.

Hill Samuel, which already has a substantial business base in Hong Kong, sees the acquisition as a means of expanding its business in the fast-growing South East Asia region.

Audiotronic cuts losses

Continuing the improving trend seen at halftime, pre-tax losses at Audiotronic Holdings have been reduced from £320,000 to £108,000 for the year to February 29 1984. Turnover of this distributor of electronic goods moved up from £2.53m to £4.08m.

At the halfway stage pre-tax losses were down from £103,000 to £23,000.

There is again no dividend—the last was in 1979. Losses per 2.5p share fell from an adjusted 1.3p to 0.4p.

COMPANY NEWS IN BRIEF

TURNOVER and profits well on the way to being doubled are announced by Pyke (Holdings), the catering butchery group, for the half year ended March 31 1984. And current trading continues at a "satisfactory level," the directors report.

Including Peter Fairfax, acquired last September, turnover for the six months has expanded from £8.54m to £15.86m and the profit before tax has advanced from £277,000 to £505,000. The company is now paying corporation tax at effectively the full rate, and, allowing for the extra shares in issue following the rights, this has led to a reduction in earnings from 10.2p to 6.7p.

The interim dividend is lifted from 1.5p to 2p net per share. Last year's total was 3.5p paid from pre-tax profits of £630,000.

Half year's tax provision was £246,000 (£29,000) to leave the net profit at £259,000 (£248,000). Significant additional provision for deferred tax has been necessitated by the changes in the Budget. The additional provision have been estimated at £280,000 and will be treated as an extraordinary item in the full year accounts.

* * *

Leisuretime International, the hotel and holiday group, has made inroads into its seasonal first-half loss, and cut it from £198,000 to £138,000 for the period to April 30 1984. The reduction understates a significant improvement in trading, the directors point out, since this time the figures include those of Repose Hotels, Jersey.

The loss per share comes out at 2.5p, against 2.6p. The net interim dividend is raised from 0.9p to 1p—for the year ended October 31 1983 the total payment was 1.8p from profits of £588,000.

Old Swan Hotel, Harrogate, has attracted bookings at a higher level throughout the period, while Repose are ahead of budget and should produce satisfactory results. Preston Travel has had to contend with difficult trading conditions and a number of personnel problems, but will produce an improved performance in the current year.

The directors say that the villas and apartments in Spain, Majorca and the Canary Islands have increased in value, and they are considering whether a valuation of those assets would be appropriate. They are also looking into ways in which the return from the other assets in the UK and the Channel Islands can be improved.

* * *

Unicorn Enterprise has been compulsorily wound up in the High Court.

A compulsory winding-up order made on Monday May 21 against Io Technology was rescinded and the petition dismissed by consent, the company have already been compulsorily wound up at Manchester on February 27.

* * *

Taxable profits at City Site Estates, the Glasgow-based property investor, increased sharply from £37,000 to £120,000 for the half year to March 31 1984. The result at the last year end was £110,199, and the directors are confident that asset value and profits will be increased for the second half.

The company is increasing its interim dividend by 17 per cent, from 0.29p to 0.34p, and is confident that this will be repeated at the year end, "barring unforeseen circumstances." The total last time was 0.58p.

Rental income increased by £52,000 to £199,000 at this USM-listed company. Increases had been anticipated at the last year end from rent reviews and the high incidence of reversions in the portfolio expected during the current year.

Tax took a larger slice, at £36,000 against £14,000, and earnings per share emerged at 1.63p (loss 0.07p).

During the first half the company disposed of properties at the lower end of its portfolio and has since acquired a substantial office building in Glasgow's city centre. The West Regent Street office development is progressing on schedule and the property, when completed in late 1985, will be valued in excess of £1m.

* * *

Mr Charles Hambro, the chairman of Sovereign Oil and Gas said at the AGM that the board was reviewing its dividend policy as a move towards obtaining trustee status and would consider paying a dividend when profits and the financial position of the company so permitted.

* * *

In the first quarter of 1984 Jackson Exploration Inc has shown a loss before tax of £786,112, against $644,385 in the corresponding period of the previous year.

Jackson has sold 25 per cent of its Adang Block in Indonesia to two South Korean companies, including the Korean Petroleum Development Corporation which is owned by the South Korean Government. Negotiations continue with other potential partners with a view to drilling a two- or three-well programme on the block starting in the second half of this year.

* * *

On rental income of £158,000 against £161,000, pre-tax profits of Phoenix Properties & Finance fell from £65,000 to £22,000 in the year to September 30, 1983.

They were after administration expenses of £126,000 (£80,000), interest of £130,000 (£92,000) and associate losses of £23,000 (£109,000). They included interest receivable of £143,000 (£54,000). Tax took £19,000 (£32,000) for earnings of 0.05p (1.5p loss) per 25p share and there is again no dividend.

* * *

Net asset value per 25p income share rose from 40.81p to 41.16p for the six months ending April 30 at Fulcrum Investment Trust. At the last year end it stood at 40.83p.

Revenue after loan interest payable amounted to £101,128, against £90,244, and the interim dividend — already known at 2.2p (2.1p) — will absorb £52,800 (£50,400).

Net asset value per capital share was 6.51p (3.87p).

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"1984 is a year of transition for your Company - transition from the historical structure of the Group to a new Dunlop."

Sir Maurice Hodgson, Chairman of Dunlop Holdings plc, speaking at the Group's Annual General Meeting on 29th May 1984

The Year 1983

Whilst the first half year's trading was somewhat slow and patchy, particularly in Europe, there was a steady improvement in the second half of the year as the general economic recovery got under way. With our businesses outside Europe continuing to perform satisfactorily, we had a better year in trading terms than had seemed likely in September. As a result, a loss at the pre-tax level in 1982 was converted to a significant surplus for 1983 as a whole. However, after minorities and substantial tax payments, there was still an attributable loss before extraordinary items although this was very nearly halved compared with a year earlier.

Commentators often refer to the so-called powers of multinational companies to regulate their fiscal affairs to their own advantage at the expense of host countries. In this respect, shareholders may note the inescapable and very considerable tax burden that the Company has had to bear on its overseas activities, despite the Group's overall trading results. In 1982, we paid £31 million tax on a loss of £7 million; in 1983, we have paid £27 million tax on a profit of £17 million.

Although our results showed a very welcome improvement in 1983, your Board is well aware that there is still a lot of work to be done to bring the return on assets up to an acceptable level. In the circumstances of 1983, you will not be surprised that the Board was unable to recommend the payment of a final dividend.

The Sumitomo Deal

It had become absolutely clear by the end of 1982 that despite a series of measures to staunch the losses arising from our European tyre operations over the previous three years, more fundamental restructuring of the Group was imperative. The total disposal or closure of a large part of the existing European tyre operations became essential to the continued existence of the Company. I have no doubt that the course of action which we chose and of which shareholders were informed last September was the right one. As you will have seen, the initial costs involved in terms of write-offs and provisions for redundancy are heavy. But we believe that these provisions have been assessed on a prudent basis, that is to say the probable costs will be adequately covered by the provisions made. There is no doubt these steps will be beneficial in the longer term through the elimination of losses in a cash hungry business.

On 1st July next, the tyre research and development activities of the Group centred in Birmingham will be transferred to Sumitomo. From that date, Dunlop will receive technical assistance from Sumitomo for the major part of the tyre range. However, Dunlop will continue to provide technical assistance to Sumitomo on aircraft tyres and sports goods.

The next stage is on 1st January 1985, when Sumitomo will take over the tyre manufacturing operations in the United Kingdom and Germany excluding the wholesale and retail tyre operations in both countries. The future of these two operations will be the subject of further discussions with Sumitomo.

In financial terms, we have already received £43 million for the sale of our 40% shareholding in Sumitomo Rubber Industries and for the sale of the rights to the Dunlop name in Japan, Korea and Taiwan. In July we receive £6 million for the tyre technical operations and at the beginning of 1985, a further £40 million for the assets of the tyre factories, plus such sums as may be agreed with SRI for the stocks and working capital in the businesses.

1984 is therefore a year of transition for your Company – transition from the historical structure of the Group to a new Dunlop. But 1984 will also be a year of transition in another sense. The inevitable costs associated with this fundamental restructuring and rationalisation have significantly reduced ordinary shareholders' funds whilst the level of indebtedness has remained high. The present relationship of equity to debt is unacceptable and we are actively considering with our advisers and bankers ways to reduce the Group's borrowings to more appropriate levels for the future needs of the new Group. I can assure shareholders that any proposals will be put to them as soon as practicable.

In any case, the Board has an obligation, which it fully recognises, to take further measures to reduce the Group's indebtedness. These could well include the disposal of some operations which do not have a central role in our future strategy. In the meantime, management is taking all possible steps to reduce expenditure generally, to cut operating costs still further, and to improve the margins on existing products, both at home and overseas.

The Shape of the New Group

The relative weight and balance of activities will inevitably change. Dunlop will remain an international manufacturing and trading organisation with a strong and continuing interest in the tyre business outside Europe, but with increasing emphasis on a range of specialised 'non-tyre' products both in Europe and elsewhere. It will be a very substantial business with a turnover of some £1 billion, manufacturing in 13 countries and trading in or with over 100 countries.

Over half the turnover and operating profit of the new Group will initially be derived from tyre manufacturing and marketing outside Europe. The balance of the Group's business will be accounted for by a variety of industrial, engineering and other products. The Group will continue to have a wide range of operations, and the geographical spread which has served us so well in the past by diversifying the risks can be expected to operate to our advantage in the future.

The tyre business outside Europe will be sustained as a major contributor to Group profits with the help of continuing and competitive tyre technology derived from Sumitomo. A twenty year technical aid agreement and the close links built up between the two companies over the last twenty years will ensure that Dunlop's technical requirements overseas will be fully safeguarded. But in addition to tyres, there will be an increasing range of specialised products serving such major and growing markets as aerospace and transportation generally, the extraction and construction industries.

Many of these diversified products were originally developed in the UK but a number are now manufactured overseas, particularly in South Africa, Malaysia, Zimbabwe, Nigeria and New Zealand. In addition, there are smaller and more specialised operations in Canada, Brazil, Thailand, Indonesia and Kenya.

In each of these key markets served by the Group there are a number of existing and new projects of particular significance for the future. These range from carbon brakes for aircraft, in which we are world leaders, and high pressure flexible pipe for oil exploration and recovery, to automotive and medical products based on new composite materials and processes. Expertise in the formulation and fabrication of materials, both traditional and new, remains a fundamental strength of the Group.

But as well as the variety of products and geographical spread, the new Group will have two additional strengths – knowledge of international operations and markets, and the high reputation for quality which it enjoys throughout the world. The Dunlop name and symbol which unify the Group are commercial assets of great value.

With the ending of the cash drain from the European tyre activities, future strategy will be to continue to support our profitable tyre operations overseas whilst re-inforcing the development of existing, and new, higher technology products. At the same time, it is our intention to phase out certain low margin products where the present and likely future returns are inadequate. Over time, we would expect the relative proportion of tyre and automotive activities to decrease as our diversified products operations grow faster. Geographically the most rapid expansion of the Group's activities is likely to be in North America, the Far East and the Pacific Basin, but this will not preclude other regional initiatives where profitable opportunities occur. But the Company's centre, and most important single market, will remain the United Kingdom which will continue to provide most of the 'know-how,' experience and expertise for the development of the Group's business worldwide.

Current Trading

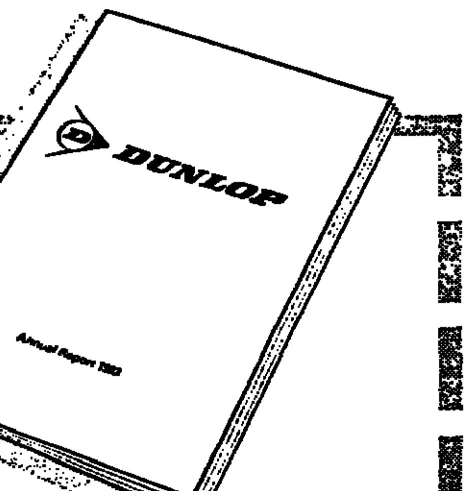
So far this year, profit before tax for the Group is materially ahead of that for 1983 with most of the UK operations recovering well from the effects of recession. Overseas, relative performance has been more variable but the latest figures confirm our earlier view that the general level of activity is on an upward trend. Provided that there is no unexpected downturn in the world economy in the second half of the year, trading results for 1984 as a whole should again show an improvement over those for last year.

Faced with the problems of world recession and a declining home customer base, the last three years have not been easy for any of those involved with the Company and certainly not for our employees. But I can assure shareholders that there has been no lack of willing effort by people at all levels to meet these challenges and to overcome the particular problems facing your Company. I should like to thank them on your behalf and to assure you that the corporate will to succeed and to restore the Company's profitability remains undiminished.

Board Retirement

I should like to refer to an impending retirement from the Board. Mr. Geoffrey Wheater will retire in July after 37 years' service with the Company. Mr. Wheater joined the Company in 1947 and held a number of senior appointments in Germany and the UK where he was latterly concerned with the tyre business worldwide. He was appointed to the Main Board of the Company in 1975 and has been a loyal and valuable colleague. I should like to thank him for his long service to the Company. We shall miss his knowledge and experience.

DUNLOP



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UK COMPANY NEWS

Capital & Counties rises by 39% and lifts final

A SUBSTANTIAL increase in profit before tax has been shown by Capital and Counties, property investors and developer which also has housebuilding interests. In the year to March 25 the result showed a 39 per cent rise to £10.67m, against a restated £7.66m, with most of the improvement showing as a second half surplus of £7.53m.

The final 3.3p dividend represents a 0.3p increase over last year, and lifts the total from 4.2p to 4.7p.

Operating income also rose, from £12.61m to £15.07m, and a sector analysis shows: property investment £10.36m against £9.6m; property trading £991,000 against £1.6m; housebuilding £3.72m against £1.41m.

The operating income from housebuilding contains an unusually large contribution from land sales due to approximately £2.6m profit from the sale of a site with the benefit of the change of use from residential to retail. The estimated addition to operating income resulting from this was about £1.8m.

Administration expenses amounted to £2.27m, against £2.34m and interest charges were down from £3.37m to £2.44m.

Revenue earnings per ordinary share were 9.35p (7.65p), the capital surplus per ordinary share was 23.31p (9.93p), while net asset value emerged at 251p (223p).

The independent professional valuation of the investment portfolio on an open market basis at year end resulted in a surplus of £14.8m—an increase of approximately 8.6 per cent—which has been reflected in the capital surplus.

● comment

Capital's full-year results have been boosted by a £2.6m windfall resulting from the sale of a site whose usage was changed from residential to retail. So, a more accurate picture is gained by stripping out this exceptional item, leaving real growth of a mere 5 per cent, which is in line with both the company's warnings earlier in the year and market expectations within a dull property sector. To contain the position, Capital has been concentrating on its investment portfolio—a strategy reflected in the current breakdown showing an 8 per cent increase in property investment and a downturn of more than a third in property trading. If anything, it was the property revaluation which surprised: the net asset figure of 251p was generally higher than anticipated and still does not take account of the surplus on revaluation of the Wakefield shopping centre, which will now come through next year. No doubt this is due to Capital's emphasis in its portfolio on retail properties, which have proved to be exceptionally resilient to the recession. On this conservative basis, the 181p shares, up 2p, stand on a 28 per cent discount to asset backing which, given the fact that the company's development programme is coming on stream, looks as if there could still be a head of steam in the pipeline.

Hunter Saphir joining the USM

Hunter Saphir, which distributes and markets fresh produce to major retailers including Marks & Spencer and J. Sainsbury, is coming to the Unlisted Securities Market and offering for sale 11.5 per cent of its shares at 120p per share.

County Bank has underwritten the offer of 1.78m shares in the group which at the offer price sell on a p/e of 18 and give the company a market capitalisation of £18.6m and a yield of 1.59 per cent.

The group has developed a successful business through its four main operating subsidiaries which together see the transfer of fresh produce, mainly fruit and vegetables, from harvest to the retailer's shelf. It includes a worldwide procurement and marketing organisation, appropriate storage facilities and temperature controlled vehicles for distribution.

The Hunter distribution subsidiary is the biggest profit generator making £953,000 pretax in 1984 on turnover of £6.28m of which 50 per cent of sales went to Sainsbury's. Group pretax profits in the year to February 1984 were £1.52m (£1.06m) on turnover up from £59.85m to £63.24m.

The group will raise £1.56m through the issue of new shares. The directors feel that the quotation will facilitate acquisitions which they expect to make in assisting the group's expansion.

Phillips & Drew are brokers to the issue.

● comment

Anyone who goes shopping in one of the major chains of supermarkets will have noticed the increase in the quantity and variety of fresh produce on sale. Hunter Saphir has benefited from this growing multi-million pound market with its well-developed procurement network and close relations with major customers. It has worked with Marks & Spencer to bring a steady supply of the iceberg lettuce and various recipe dishes. It also helps to bring new potatoes all year round, as well as kiwi fruit, mangoes and avocados. The company is big enough for a full listing, but enough shareholders could not be found to part with sufficient shares to qualify. The Saphir family owns 50 per cent of the enlarged issued share capital and intends to keep the company independent. With so few shares being offered for sale, they are likely to be snapped up and should go to an immediate premium.

Yearlings rise ½%

The interest rate for this week's issue of local authority bonds is 10½ per cent, up ½ a percentage point from last week, and compares with 10⅞ per cent a year ago. The bonds are issued at par and are redeemable on June 15 1985.

A full list of issues will be published in tomorrow's edition.

Thai loss checks Inchcape growth

AFTER a static first half, Inchcape, international merchant, benefited from better operating conditions in the later months of 1983 and finished the December 31 year with profits ahead from £50.34m to £53.02m at the pre-tax level. Turnover increased by £65.6m to £1.77bn for the 12 months.

Profit was adversely affected by an £5m operating loss (£1m) in the Thai Motor group, the agricultural and motor business in Thailand, which is being sold.

The directors say that because the group's basic trading position was more encouraging at the end of 1983 and as the improvement has continued into the current year, they are recommending a maintained dividend of 18.15p with a same-again final of 11p.

Greater emphasis is being placed in future, they state, on services of a more specialised nature where the group's international experience and strong management network "can find opportunities for profitable growth." The directors believe that the current improvement in result can be maintained for the remainder of 1984.

After a tax charge of £37.04m (£33.65m), and minorities and preference dividends, earnings were £11.2m (£10.2m) or 13.2p (12.1p) per £1 share.

There were, however, extraordinary debits totalling £26.73m for the year, against £5.56m, which included a provision of £22m for restructuring the Thai Motor group and for the loss anticipated on its sale.

This resulted in an attributable loss of £15.43m (£4.5m profit). Ordinary dividends will absorb £15.52m (same), leaving a £30.95m (£11.02m) loss.

A breakdown of turnover and pre-tax profits shows: general merchanting £738.49m (£708.34m) and £31.59m (£25.25m); motor £763.13m (£716.72m) and £6.2m (£9.69m); insurance £69.34m (£63.92m) and £5.7m (£8.76m); marine £29.86m (£39.12m) and £7.66m (£6.79m); timber and construction £15.04m (£55.83m) and £2.7m (£2.21m); tea £25.94m (£15.8m) and £8.33m (£2.4m); manufacturing £61.84m (£47.53m) and £962,000 (£2.21m); other £62.33m (£50.12m) and £5.37m (£6.6m); investment income £1.84m (£1.28m); central charges and interest costs £17.32m (£17.85m).

The directors explain that the group's general merchanting business benefited from the improving economic conditions.

The automotive distribution activities were seriously affected by the losses in Thailand, which were due to lapses in management control during a period of difficult trading conditions. There were also losses arising in the commercial and heavy businesses in Malaysia where the market was depressed.

In the UK and Europe the company's motor businesses did well: Mann Egerton made an excellent return to profit, directors state.

A loss was made in Australia following the collapse of an important insurance company.

In both India and Africa the tea producing interests of the group showed excellent results reflecting the strong world demand for quality teas.

The Far East continued to be the most important contributor to group profits in 1983, with improved results from most of the Hong Kong activities and a better performance from Japan, apart from wines and spirits.

The group in South East Asia performed in line with 1982 except for the unsatisfactory results of the motor businesses.

Gray Mackenzie's port consultancy contracts in Saudi Arabia and elsewhere in the Middle East continued satisfactorily. Results of their trading and marine activities were mixed, directors say.

Results from the Americas were lower than in 1982, mainly due to the sale of the group's 28 per cent holding in its associate McEnearny Alstons in Trinidad.

In Australia as well as losses in the insurance broking business there were reduced profits from marine salvage operations and from wines and spirits distribution.

Since the year end the acquisition of the trade services division of the Transcontinental Group was completed. This division has been renamed specialist Services International.

The directors point out that it is group policy to value properties every three years and the majority of the properties were professionally valued at the end of 1981. However, in view of the significant decrease in property values generally in Hong Kong it has been decided to reduce the values at which properties are carried in the accounts by £43m which has been charged to revaluation reserve.

This acount for the bulk of a £68m drop in shareholders' funds at the year-end.

Sir David Orr, chairman, said later that emphasis for expansion within the group's identified growth areas was now likely to be organic rather than by acquisition, while it digests the recent £35m takeover deal with Transcontinental.

He stated that developing activities were insurance broking, marine activities, aviation, liquor distribution, and office automation and technology.

Asked about takeover rumours Sir David said Inchcape had no evidence of any particular buying of its shares and he made it clear the board would resist any bid move.

● comment

The final profit figure for 1983 is more or less what the market expected from Inchcape, but the performance of some of the individual businesses and the heavy tax charge and extraordinary items were unsettling enough to sen dthe share price down 12p to 342p. The new management have undertaken a major rationalisation programme which is largely completed and the group will benefit this year from considerable loss elimination. Trading has improved in some areas, particularly Hong Kong and the Far East, with signs that these levels will be at least maintained in the current year. Inchcape is still really only turning the corner. The uncovered maintained dividend can be seen as a sign of optimism, but the market will need to see more substantial proof of the group's growth potential before pushing the share price up further. Pretax profits of £69m seem attainable for 1984 which, on a possible 50 per cent tax charge, puts the shares on a PE of around 9.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Leeds, MEPC, Tate and Lyle.

Finals: Chapman Industries, Coalite, Dunhill, Harrisons and Crosfield, M & G Second Dual Trust, Smith Brothers, Western Brothers.

FUTURE DATES

Interims:	
Hawtin	June 20
Nottingham Brick	June 7
Plaxtons (GB)	June 12
Smart (J.) (Contractors)	June 7
Finals:	
Burnett and Hallamshire	June 22
Carless Capel and Leonard	June 5
Centreway Industries	May 31
Electric and Gen Inv	June 28
Energy Services and Elec.	May 31
Hazlewood Foods	June 5
Hill Samuel	June 6
Howard and Wyndham	June 1
Immediate Business Systems	June 1
Manor National	May 31
New Throgmorton Tst (1983)	June 6
Racal Electronics	June 26
Redland	June 28
TR N. American Inv. Tst.	June 6
Tozer Kemsley and Millbourn	June 4

U.S. oil and gas growth boosts Southwest Resources to £1.65m

COMPARED WITH £1m for the previous 15 months taxable profits of Southwest Resources, oil and gas company quoted on the USM, emerged 64 per cent higher at £1.65m for the year ended March 31 1984. Turnover moved ahead from £2.63m to £3.63m.

The directors say the results reflect the continuing growth of oil and gas production in the U.S.

There was no tax for the period (£44,000) after which earnings per 40p share are shown as 6p, compared with 3.52p previously.

The directors say the current year has started well with oil and gas production in the U.S. growing strongly as recent acquisitions start to contribute and as new discoveries are brought on-stream. The group is confident of "another exciting year of progress" as existing ventures mature and as new opportunities emerge.

The asset base of the company has been transformed in 1983-84 by the substantial growth of proven oil and gas reserves in the U.S., independently valued at the year end in excess of $40m, representing 90p per share in terms of asset backing from proven reserves.

Capital investment over the year was funded in part by internal resources and in part by equity thereby maintaining a modest level of gearing and developing a strong cash flow from operations. However, at this stage of the company's growth the board considers that it is prudent to retain earnings for reinvestment, although payment of dividends will be considered as soon as production revenue and profits reach an appropriate level.

Commenting on oil and gas operations in the U.S., directors say a combination of significant discoveries and selected acquisitions in the latter part of the year has contributed to a fast growing production base with excellent opportunities for further drilling.

States Petroleum Inc (SPI) now has interests in more than 60 proven oil and gas properties, mainly in Texas and Louisiana, but with interests also extending to Arkansas, Oklahoma, Colorado and Michigan.

During last year average net monthly production increased to approximately 5,300 barrels of oil and 47m cubic feet of gas at prices averaging around $30 per barrel and $3.25 per mcf of gas. Current net monthly production is approximately 9,600 barrels of oil and 101m cubic feet of gas, while the prospect of improved market conditions looks promising with local gas demand expected to recover significantly by mid-1985.

The active programme of exploration drilling and production purchases also had a beneficial impact on SPI's proven oil and gas reserves which were appraised at the year end as 747,000 barrels of oil and 10.1bn cubic feet of gas.

Maurice James expands to £1m and pays same

Including the Roche Service Group for both years, profits for 1983 of the Maurice James Industries group have advanced from £672,000 to £1m. Roche was acquired last August.

Mr Martyn Meade, the chairman, says there was growth in all major divisions following reorganisation and digestion of acquisitions over the period. As regards the current year, he says early trading is in line with expectations. "We are currently increasing our main stream activities of industrial services, property and store-fitting, and taking steps to realign or dispose of our small peripheral activities."

There is no tax charge (£222,000), but extraordinary debits of £990,000 (£384,000) leave the net profit at £15,000 (£66,000). The directors feel that the extraordinary items do not materially affect the basic financial strength of the company; allowing for this and coupled with their confidence in the future, they are holding the dividend at 1.25p net per share, with a final of 0.65p.

BIDS AND DEALS

Ruling soon in Fraser board row

A RULING by the Department of Trade and Industry on Lonrho's moves to secure the election of 12 directors to the House of Fraser board is imminent. An announcement is expected in the next few days.

Mr Norman Tebbit, the Secretary of State, has studied possible courses of action outlined by the Office of Fair Trading, which has studied the position.

Sir Gordon Borrie, Director General of the OFT, is believed to have said that the moves by Lonrho to secure the election of six of its own directors to the Fraser board and six nominated outsiders might be viewed as operating against the spirit of the conclusions of the 1981 Monopolies and Mergers Commission report and subsequent undertakings by Lonrho.

The Secretary of State has been considering whether an order should be implemented which would block Lonrho's latest efforts for boardroom influence; refer the appointment of the directors to the Monopolies and Mergers Commission or the whole question of Lonrho's relationship with Fraser; or gain assurances from Lonrho that they will not seek further control in the affairs of House of Fraser.

Bahamas-based businessman Mr Jack Hayward, who owns 2m Fraser shares, revealed yesterday that he had attempted to break the deadlock between House of Fraser's board and Mr Roland "Tiny" Rowland, Lonrho's chief executive.

Hawley and BCA spell out investment programme

BY ALEXANDER NICOLL

Hawley Group and British Car Auctions have announced plans to form a Canadian subsidiary of Hawley into an investment company which will bid for Coleman Milne and purchase minority shareholdings in a number of other companies.

The announcement had been foreshadowed by previous statements from the chairmen of the two companies, Mr Michael Ashcroft of Hawley and Mr David Wickins of BCA.

Hawley, a security, contract cleaning and home improvement group, and BCA, motor auctions concern, had run into criticism because their frequent purchases of stakes in companies not related to their main businesses had diverted attention from the main businesses.

Midespa, the Canadian shell company in which Hawley took a 72.5 per cent holding last year, will acquire both UK and U.S. investments from Hawley, BCA, and Attwoods, a sand and gravel extraction company.

Midespa will be developed as an international investment company involved mainly in British and North American companies.

Initially, Midespa plans to:

● make a recommended offer for Coleman Milne, which converts Ford Granada cars into limousines and hearses. Hawley and BCA have a combined holding of 64.2 per cent in Coleman, which has taken a 14 per cent stake in the Lotus car group and a 27 per cent stake in the Henly's garage group. After talks with the Stock Exchange, Coleman recognised that its expansion could jeopardise its USM quotation.

The bid for Coleman, to be made by Aynsley Trust, a Hawley group licensed dealer in securities, is eight Coleman shares for five Midespa shares, either convertible or common. There is a cash alternative of 60p for each Coleman share.

Coleman Milne shares rose 5p yesterday to 60p, valuing the company at £9.6m. The convertible offer was estimated to be worth 67.4p and the common share offer 63.9p.

● Midespa will buy 5.3m Cope Allman International shares from BCA and Attwoods, or 13.41 per cent of Cope, at 88.25p per share in cash. Cope shares fell 2p to 94p yesterday.

Hawley will buy BCA's remaining 75,000 shares, increasing its holding in Cope to 30.18 per cent. It will be required to make a bid for the rest of Cope, but since this will be at 88.25p, below market value, it is not expected to result in Hawley control of Cope. Midespa and Hawley intend that in due course their combined holding in Cope will not exceed 40 per cent.

● Midespa will buy from Hawley 525,300 shares or 26.94 per cent of the Miss World Group, in exchange for convertible Midespa shares at a rate based on Miss World's closing price last Friday. Yesterday, Miss World shares rose 1p to 171p.

● Midespa will buy 713,331 shares or 19.45 per cent of Pineapple Dance Studios from Hawley and BCA, also for convertible shares. Pineapple was unchanged yesterday at 98p.

● Midespa will buy 307,500 or 7.56 per cent of I. D. and S. Rivlin in exchange for convertible shares.

Exco takes 29.9% stake in Galloway & Pearson

BY JOHN MOORE, CITY CORRESPONDENT

Exco International, money broking and financial services group, yesterday revealed that it had abandoned plans to form its own stockbroking company and instead had decided to take a 29.9 per cent stake in the 121-year-old stockbroking firm Galloway & Pearson.

Mr Bill Matthews, Exco's managing director, said yesterday that the group had received an approach from the senior partner, Mr David Starling, of Galloway & Pearson, while awaiting approval from the Stock Exchange about its own plan to form a stockbroking firm.

No price has been disclosed in the deal, which is still subject to approval from the Stock Exchange council.

Under the terms of the deal the business of Galloway & Pearson, with a staff of 57 including 12 partners, will be incorporated and carried on under the name of WICO Galloway & Pearson with effect from July 1, 1984.

Exco International will acquire 29.9 per cent of the shares of WICO Galloway & Pearson and take options to acquire the remaining 70.1 per cent as and when the council of the Stock Exchange relaxes its rules on outside ownership.

The approach to Exco by Galloway & Pearson was made two months ago and brings to a climax Exco's long search for a route into the British securities market. Exco has held talks with James Capel, stockbroker, and Wood Mackenzie, both of which are among the largest firms in the market.

Galloway & Pearson is one of the stockmarket's smaller firms although it has a research effort on the gilts market, the insurance sector, retailers and South African industrial stocks.

Mr Starling said yesterday that 80 per cent of the firm's business was represented by institutional and overseas business.

Exco already has a securities business based in Hong Kong following its purchase of W. I. Carr Sons and Company (Overseas), once the Far Eastern interests of Carr Sebag.

Both sides stressed that there would be a "great deal of synergy" between the two groups and Mr Starling said that "one of the attractions of the deal was that there would be no redundancies."

Exco said yesterday that there were no plans to buy another securities firm to complement the Galloway purchase and Mr Starling indicated that a large amount of the current consideration for the stake would be taken out by the partners "and a certain amount kept in which will slightly increase the firms capitalisation."

Nationwide Leisure

The directors of Nationwide Leisure have authorised the allotment to the vendors of Neilson Leisure Group of 4,500,000 ordinary shares of 5p each credited as fully paid, ranking pari passu, with the existing issued shares of the company in settlement of a further consideration of £900,000 payable to them under the terms of the agreement for the acquisition of Neilson.

An application has been made to the Council of the Stock Exchange for permission for the shares to be dealt in on the USM.

SHARE STAKES

Freemans—Mr R. S. Chapman has reduced his non-beneficial interests in the ordinary shares by 124,706.

Bisichi Tin—Jantar has purchased 50,000 Bisichi ordinary shares and now owns 1,429,500 (22.64 per cent).

Russell Brothers (Paddington)—W. Johnston, managing director, has purchased 30,000 ordinary shares at 65p.

Regentcrest—A. J. Preston has purchased 800,000 shares and joined the board.

De Vere Hotels and Restaurants—L. Jackson has sold 10,000 ordinary shares.

Baillie Gifford Technology—A. G. Millar, a director, has acquired 10,000 ordinary shares at 100p.

Warner Estate Holdings—The company has purchased a total of 50,000 ordinary shares (35,000 at 490p and 15,000 at 485p).

Fulcrum Investment Trust—G. McNair Scott has purchased 100,000 capital shares at 3½p and now holds 1,000,000 shares.

Common Brothers—J. W. Common, a director, has transferred from his beneficial interest 55,000 shares into the names of D. P. Worthy, D. T. S. Rutter and J. W. Common. Two thousand five hundred shares of the trust's holding were later sold at 144p. G. A. Common, a director, has sold 5,000 shares at 145p and 5,000 shares at 177p.

Norex Corporation of Bermuda has sold 75,000 shares and now holds 3,336,326 (33.85 per cent).

John C. Small & Tidmas—The trustees, J. M. Folman and P. H. Mellors, have disposed of 5,800 shares. The trustee holding now stands at 134,200 shares (11.18 per cent). The interest of J. M. Folman, a director, is now 47,756 beneficial shares (3.98 per cent) and 333,150 non-beneficial shares (27.76 per cent).

MINING NEWS

Manitoba Govt. backs potash mine venture

Canamax, the Canadian subsidiary of the U.S. mining group Amax, and the provincial government of Manitoba have commissioned a feasibility study for a C$500m potash mine 340 km west of Winnipeg, reports **Bernard Simon from Toronto.**

Canamax owns reserves estimated at 440m tonnes in the areas of the proposed mine.

The Manitoba deposit is believed to be richer than those found in neighbouring Saskatchewan, and located at a depth of around 1,800 feet is also considerably shallower. No potash is produced in Manitoba at present.

Analysis of the deposits is scheduled for completion within the next month or so, but the full feasibility study will continue for about a year. It will include an examination of potential markets for additional potash supplies. The mine would employ about 500 people.

The present over-supply of potash appears to be of little concern to Canamax. Besides the high quality of the Manitoba product, the company says that its parent group's marketing resources may be used to help sell production, and that the Manitoba Government has approached potential buyers, including China.

The company is looking for partners in the project, preferably potential customers. Although financing arrangements have not been finalised, the Manitoba Government may contribute to the cost of the mine in exchange for an equity stake.

Another U.S. group, International Minerals and Chemical Corp, shelved plans for a potash mine in Manitoba two years ago following the weakening in demand for the mineral, which is used mainly in the manufacture of fertiliser.

SA gold dividends

The June, or more precisely nearly-June, dividend season of payments from the South African gold mines has kicked off with an encouraging and better-than-expected final dividend of 425 cents (240p) from the Anglovaal group's **Hartebeest.** This makes a total of 725 cents for the year and compares with the 460 cents final paid last year.

Eastern Transvaal Consolidated is paying a final dividend of 70 cents, well above recent market estimates. The total for the year, 90 cents, compares with 85 cents paid last year.

Zandpan, which derives its income from dividends accruing from its holding in Hartebeest, has declared a final dividend of 72 cents, bringing the year's total up to 122 cents, against the 128 cents paid last year.

The group's antimony/gold producer **Consolidated Murchison** will consider the dividend payment at a board meeting to be held during the latter half of June.

Village Main Reef Gold Mining declared a final dividend of 5 cents, while **Prieska Copper Mines,** 51 per cent owned by **Anglovaal** and 47 per cent by **U.S. Steel,** is paying a final dividend of 15 cents, a year's total of 25 cents.

MINING NEWS IN BRIEF

The directors of **Transvaal Consolidated Land and Exploration (TCL),** and **Witbank Colliery** have reached agreement in principle in regard to the development and operation of two collieries by way of a joint venture.

Khutala colliery and Majuba colliery are being established for the purpose of supplying coal to two new power stations

A wholly-owned subsidiary of TCL will have a 30 per cent stake in the R175m project while the remaining 70 per cent will be taken up by a wholly-owned subsidiary of Witbank.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hill Samuel §	9¼%
Allied Irish Bank	9¼%	C. Hoare & Co. †	9 %
Amro Bank	9 %	Hongkong & Shanghai	9 %
Henry Ansbacher	9¼%	Kingsnorth Trust Ltd	10 %
Associates Cap. Corp.	9 %	Knowsley & Co. Ltd.	9¼%
Banco de Bilbao	9¼%	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9¼%	Edward Manson & Co.	10¼%
Bank of Ireland	9¼%	Meghraj and Sons Ltd.	9¼%
Bank of Cyprus	9¼%	Midland Bank	9¼%
Bank of India	9¼%	■ Morgan Grenfell	9 %
Bank of Scotland	9¼%	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9¼%	National Girobank	9 %
Barclays Bank	9¼%	National Westminster	9 %
Beneficial Trust Ltd.	10 %	Norwich Gen. Tst.	9¼%
Bremar Holdings Ltd.	9 %	People's Tst. & Sv. Ltd.	10 %
Brit. Bank of Mid. East	9 %	R. Raphael & Sons	9 %
■ Brown Shipley	9¼%	P. S. Refson & Co.	9¼%
CL Bank Nederland	9 %	Roxburghe Guarantee	9¼%
Canada Permn't Trust	9 %	Royal Trust Co. Canada	9¼%
Castle Court Trust Ltd.	9¼%	■ J Henry Schroder Wagg	9 %
Cayzer Ltd.	9¼%	Standard Chartered ‖	9¼%
Cedar Holdings	9 %	Trade Dev. Bank	9¼%
■ Charterhouse Japhet	9¼%	TCB	9 %
Choulartons	10¼%	Trustee Savings Bank	9 %
Citibank NA	9¼%	United Bank of Kuwait	9 %
Citibank Savings ¶	9¼%	United Mizrahi Bank	9 %
Clydesdale Bank	9¼%	Volkskas Limited	9¼%
C. E. Coates	10¼%	Westpac Banking Corp	9 %
Comm. Bk. N. East	9¼%	Whiteaway Laidlaw	9¼%
Consolidated Credits	9¼%	Williams & Glyn's	9¼%
Co-operative Bank *	9 %	Wintrust Secs. Ltd.	9¼%
The Cyprus Popular Bk	9¼%	Yorkshire Bank	9 %
Dunbar & Co. Ltd.	9¼%		
Duncan Lawrie	9¼%		
E. T. Trust	9¼%		
Exeter Trust Ltd.	10¼%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	9¼%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
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■ Hambros Bank	9¼%		
Heritable & Gen Trust	9¼%		

■ Member of the Accepting Houses Committee.
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† 7-day deposits on sums of under £10,000 6%, £10,000 up to £50,000 6¾%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5¾%.
‖ 21-day deposits over £1,000 7%.
§ Demand deposits 5¾%.
¶ Mortgage base rate.

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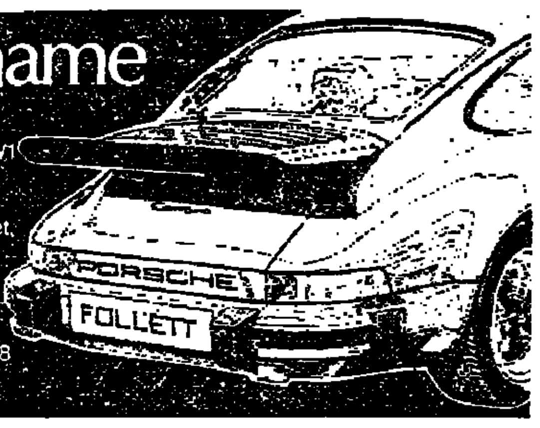

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Company Notices

OESTERREICHISCHE ALPINE MONTANGESELLSCHAFT (VOEST-ALPINE)
5¾% Bonds of 1965 Due 1985
U.S.$12,000,000
14th Drawing by lot of May 11, 1984

The holders of the abovementioned bonds are hereby informed that this year's redemption instalment of U.S.$1,087,000 maturing June 15, 1984 has been partially effected by repurchase in the market and partially by drawing by lot.

Amount repurchased: U.S.$484,250
Amount drawn: U.S.$602,750

The following bond numbers have been drawn by lot in the presence of a notary public:

Denominations of U.S.$1,000

656-657	671-704	715-718	[illegible]	[illegible]
759-769	766-767	771-793	[illegible]	[illegible]
821-822	827-828	839-840	[illegible]	[illegible]
860-869	872-887	889-903	[illegible]	[illegible]
944-951	953-960	963	[illegible]	[illegible]
955-986	993-995	997	[illegible]	[illegible]
1047-1071	1073	1075-1076	[illegible]	[illegible]
1090-1092	1095-1103	1106-1107	[illegible]	[illegible]
1127-1129	1134-1136	1138	[illegible]	[illegible]
1161	1165-1168	1175-1176	[illegible]	[illegible]
1235-1241	1243-1244	1248-1250	[illegible]	[illegible]
1343-1352	1376-1378	1478	[illegible]	[illegible]
1498-1501	1505-1509	1520-1536	[illegible]	[illegible]
1627-1630				

Denominations of U.S.$250
3157-3180 3290-4076

The bonds so called will become due and payable on and after June 15, 1984 at the offices of the paying agents mentioned in the terms and conditions of the bonds.

Furthermore it is recalled that the following bonds, drawn in previous years have not yet been presented for payment:

Maturity	U.S.$1,000	U.S.$250		
15.6.1975		10112		
15.6.1977	2100			
15.6.1978	2406			
15.6.1980	5332-5333	6262-6264 6300 6510-6511	[illegible]	[illegible]

PROVINCE DE QUEBEC
LOAN FF 125,000,000
7½% 1972-1987

Bondholders are hereby informed that the redemption instalment of FF 15,000,000 due on June 15, 1984 has been entirely met by purchase in the market.

Payment of coupons due on June 15, 1984 will take place at the following Banks:
CREDIT LYONNAIS, Luxembourg — CREDIT LYONNAIS, Paris — ALGEMENE BANK NEDERLAND N.V., Amsterdam—BANCO DI ROMA, Rome —BANQUE DE PARIS ET DES PAYS-BAS, Paris — COMMERZBANK A.G., Frankfurt/Main—KREDIETBANK N.V., Brussels—LLOYDS BANK INTERNATIONAL LTD., London.

Outstanding amount after this seventh amortisation:
FF 47,000,000
The Fiscal Agent
CREDIT LYONNAIS
Luxembourg

ASICS CORPORATION
NOTICE TO EDR HOLDERS
Further to notice of January 10, 1984, The Chase Manhattan Bank, N.A. as Depositary announces that the year end cash dividend of Yen 9.00 per share has been converted to U.S. Dollars [illegible]

EUROFIMA
(European Company for the Financing of Railway Rolling Stock)
1978/1985 8¾% NOTES
U.S.$20,000,000
NOTICE IS HEREBY GIVEN to Noteholders of the above loan that Eurofima has acquired through purchase in the market an amount of U.S.$800,000 and that such amount will be credited against mandatory payments due on July 1, 1984.
Furthermore Eurofima has exercised its option to redeem an additional U.S.$800,000 by purchase.
Amount outstanding:
U.S.$13,000,000
The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise
Luxembourg,
May 30, 1984.

HONEYWELL INTERNATIONAL FINANCE N.V.
U.S.$100,000,000
10¼% GUARANTEED DEBENTURES 1990
Holders of these Debentures are advised that copies of the [illegible] for the year ended 31st December, 1983 of the above [illegible] Annual Report 1983 are available [illegible]
30th May, 1984.

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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday May 30 1984

Euromarket awash with D-Mark issues, Page 38

WALL STREET

Optimism proves short-lived

THE BOND market resumed its retreat on Wall Street yesterday as investors continued to back away from a host of worrying factors, ranging from concern over the U.S. banks to the tensions in the Gulf, *writes Terry Byland in New York.*

The key long bond, the 13.25 per cent due 2014, fell to a new low and there was renewed selling in the Treasury bond futures market.

The picture was much the same in the stock market, where prices edged forward hopefully in the first half hour. But with no buyers coming forward, prices soon weakened in a thin market.

By mid-session, the Dow Jones Industrial average had dipped through the 1,100 mark and market analysts believe that the next support range may be as low as 1,080, a level not seen since the end of 1982.

The Dow Jones industrial average closed down 5.86 at 1,101.24.

Bank stocks opened firmly after the pledge of support for the industry from Mr Preston Martin, vice-chairman of the Federal Reserve Board. But stock prices fell to 18-month lows at midsession as the bond market turned down. Turnover in the stock market gathered pace during the session.

Last week's sudden cloud of concern over the major U.S. banks was reflected in renewed uncertainties regarding the options open for Fed credit policies.

The disclosure that the Fed approved a tightening of policy at its meeting on March 26 indicated its underlying concern over inflation prospects. But the bond market now fears that the banking problems will prevent the Fed from further tightening, thus increasing the danger of renewed inflation.

The closing Wall Street report and updated U.S. market monitors were unavailable because of continuing industrial action at the Financial Times' printers in Frankfurt.

Retail investors kept away from the credit markets, leaving traders to find a trading range. Early in the session, there were attempts to trade the long bond at around 96¼ but the price suddenly dipped to 95²¹⁄₃₂ as the market sought a floor level.

Bank stocks were featured by InterFirst, the Dallas-based bank, which dipped $⅛ to a new low of $12. It topped the active stocks list with nearly 1m shares traded. Continental Illinois, also active again, regained $½ to $ 7 ¼. Manufacturers Hanover Trust also improved, adding $⅛ to $28⅛.

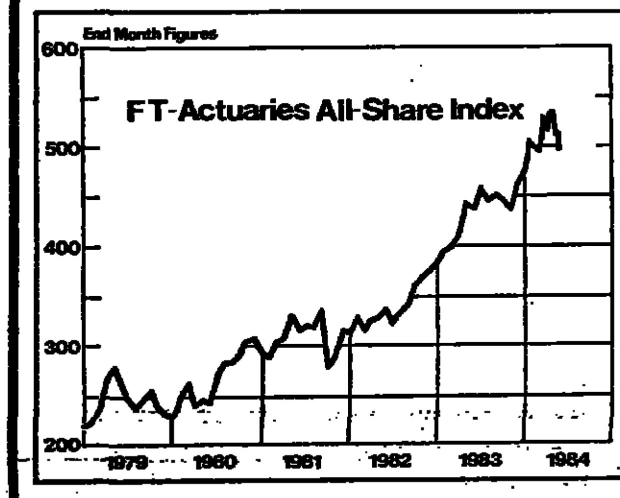
The activity in Disney stock continued, with the shares dipping $3 to $64¾ after Mr Saul Steinberg disclosed that he would seek a proxy battle for control of the company in which he already holds a stake. Earlier, Marriott, the hotel group, rejected suggestions that it might join Mr Steinberg in bidding for Disney.

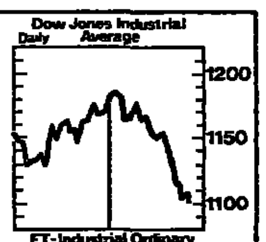
Other features included Public Service of Indiana, the electric utility company struggling to avoid financial difficulties by seeking a rate increase to meet the costs of its Marble Hill nuclear project.

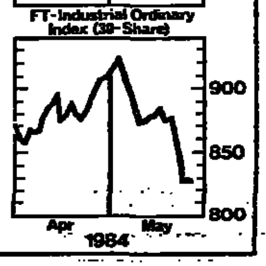
Treasury bill rates moved higher, ahead of this week's increase in supply. Yesterday, the Treasury held its normal weekly auction of bills, postponed by the *Memorial Day holiday and today offers* $6bn in 22-day bills. The credit market will be alert to signs at these auctions of a continuation of the recent "flight to quality."

The bond market remained sluggish after its midsession fall. Losses at the longer end of the market ranged to three quarters of a point. Dealers described the market as "looking very sick."

KEY MARKET MONITORS







STOCK MARKET INDICES

	May 29	Previous	Year ago
NEW YORK			
DJ Industrials	1101.24	1107.10	1216.14
DJ Transport	457.82	462.76	554.82
DJ Utilities	122.54	123.55	130.26
S&P Composite	150.77*	151.62	164.46
LONDON			
FT Ind Ord	826.2	827.9	712.5
FT-SE 100	1056.1	1055.5	951.1
FT-A All-share	494.87	495.29	437.63
FT-A 500	541.59	542.51	476.82
FT Gold mines	680.5	682.5	611.3
FT-A Long gilt	10.86	10.89	10.26
TOKYO			
Nikkei-Dow	10,163.97	10,116.0	8617.92
Tokyo SE	793.61	790.35	636.37
AUSTRALIA			
All Ord.	676.3	678.0	615.9
Metals & Mins.	450.7	453.0	553.9
AUSTRIA			
Credit Aktien	54.68	54.91	57.95
BELGIUM			
Belgian SE	150.93	151.81	120.69
CANADA		Previous	Yr ago
Toronto			
Metals & Minls	1946.7*	1938.48	—
Composite	2225.0*	2215.46	2446.0
Montreal			
Portfolio	108.15*	107.48	—
DENMARK			
Copenhagen SE	181.29	179.63	143.78
FRANCE			
CAC Gen	172.1	n/a	126.1
Ind. Tendance	107.3	n/a	77.2
WEST GERMANY			
FAZ-Aktien	345.99	346.06	308.76
Commerzbank	1008.4	1005.5	922.7
HONG KONG			
Hang Seng	923.03	919.31	913.9
ITALY			
Banca Comm.	206.70	206.53	191.64
NETHERLANDS			
ANP-CBS Gen	157.5	157.1	125.3
ANP-CBS Ind	128.2	125.5	101.6
NORWAY			
Oslo SE	271.06	265.06	187.18
SINGAPORE			
Straits Times	951.87	956.12	935.25
SOUTH AFRICA			
Golds	n/a	1046.7	874.9
Industrials	n/a	1052.3	953.9
SPAIN			
Madrid SE	119.46	119.83	116.98
SWEDEN			
J & P	1388.00	1409.15	1439.16
SWITZERLAND			
Swiss Bank Ind	361.10	360.6	321.6
WORLD	May 28	Prev	Year ago
Capital Int'l	175.9	176.1	177.1

GOLD (per ounce)

	May 29	Prev
London	$385.75	$384.75
Frankfurt	$385.75	$387.02
Zürich	$385.75	n/a
Paris (fixing)	$386.16	$385.94
Luxembourg (fixing)	$386.00	n/a
New York (June)	$385.20	$390.00

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR May 29	U.S. DOLLAR Previous	STERLING May 29	STERLING Previous
$	—	—	1.386	1.385
DM	2.73	2.7225	3.7875	3.7725
Yen	231.7	231.5	321.25	320.75
FFr	8.4125	8.385	11.655	11.605
SwFr	2.257	2.245	3.13	3.1125
Guilder	3.081	3.0685	4.2725	4.25
Lira	1687	1686	2337.5	2334.0
BFr	55.75	55.5	77.25	76.85
C$	1.29525	1.29425	1.7945	1.7925

INTEREST RATES

	May 29	Prev
Euro-currencies (3-month offered rate)		
£	9¾	9¾
SwFr	4	4⅛
DM	6⅛	6⅛
FFr	13⅛	13⅜
FT London Interbank fixing (offered rate)		
3-month U.S.$	11¹³⁄₁₆	11⅞
6-month U.S.$	12⅛	12⁵⁄₁₆
U.S. Fed Funds	10⅝*	10⅞
U.S. 3-month CDs	11.30*	11.15
U.S. 3-month T-bills	9.71*	9.50

U.S. BONDS

Treasury	May 29 Price	May 29 Yield	Prev Price	Prev Yield
12% 1986	99¹⁵⁄₃₂	12.90	99²¹⁄₃₂	12.75
12⅝ 1991	93¹¹⁄₃₂	13.75	94²⁹⁄₃₂	13.60
13⅛ 1994	96⅝	13.83	97	13.68
13¼ 2014	96⅝	13.80	96²¹⁄₃₂	13.70
Corporate	May 29* Price	Yield	Prev Price	Yield
AT & T 10⅜ June 1990	88⅞	13.65	87⅞	13.50
3⅞ July 1990	69⅞	10.70	69⅞	10.70
8¾ May 2000	66⅞	14.05	66⅞	14.05
Xerox 10¼ March 1993	82⅞	14.20	83⅞	13.85
Diamond Shamrock 10¾ May 1993	81⅞	14.40	83¼	13.95
Federated Dept Stores 10¼ May 2013	76	14.05	76	14.05
Abbot Lab 11.80 Feb 2013	84⅞	14.00	84⅞	14.00
Alcoa 12½ Dec 2012	85⅞	14.35	85⅞	14.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	60-12	61-02	60-12	60-27
U.S. Treasury Bills (IMM) $1m points of 100%				
June	90.17	90.24	90.13	90.18
Certificates of Deposit (IMM) $1m points of 100%				
June	88.42	88.50	88.42	88.42
LONDON				
Three-month Eurodollar $1m points of 100%				
June	88.34	88.39	88.23	88.26
20-year Notional Gilt £50,000 32nds of 100%				
June	102-02	102-20	102-02	102-02

COMMODITIES

(London)	May 29	Prev
Silver (spot fixing)	665.65p	661.35p
Copper (cash)	£1038.00	£1037.65
Coffee (May)	£2265.00	£2417.50
Oil (spot Arabian light)	$28.40	$28.375

LONDON

Trade data reverse early gains

CONDITIONS in London financial markets were extremely quiet and subdued as dealings resumed yesterday after the long weekend break.

Underlying sentiment was helped by Federal Reserve statements that it was willing to do whatever was needed to maintain the stability of the U.S. banking system.

Leading equities rarely strayed from previous closing. The FT Industrial ordinary share index recorded a rise of 3.9 at the first calculation, but closed with a loss of 1.7 at 826.2, the late tone being adversely affected by the poor April trade figures and the lacklustre early performance on Wall Street.

Trading statements from Allied-Lyons, 4p up at 162p, and Courtaulds, 5p off at 132p, failed to cause much excitement.

Gilts continued on a much calmer note with most activity confined to switching, but after fluctuating within relatively narrow limits quotations at the long end settled about ⅜ higher, while the shorts finished with gains ranging to ⅛.

Chief price changes, Page 30; Details, Page 31, Share Information Service, Pages 32–33.

HONG KONG

A PERIOD of consolidation appeared to develop in Hong Kong yesterday as investors, expecting little from the last round of Sino-British talks on the colony's future, indulged in a little profit-taking thus leaving most shares steady but below the day's high. The Hang Seng index closed 3.72 down at 923.03.

Hongkong Land gained 3 cents to HK$3 while Hongkong Bank advanced 5 cents to HK$6.30. Swire Pacific rose 15 cents to HK$6.30 and China Light was one of the losers of the session with a 10 cent drop to HK$11.30.

SINGAPORE

PROFIT-taking emerged in Singapore on small turnover of 6m shares as the Straits Times index was trimmed by 4.25 to 951.87.

Active stocks were generally higher with Pegi the most heavily traded issue with 465,000 changing hands, 3 cents up at S$1.66. OCBC, with 453,000 shares traded, closed 15 cents higher at S$10.10 and Sime Darby gained 2 cents to S$2.27 on turnover of 397,000.

Elsewhere, UOB rose 2 cents to S$4.98 while Cold Storage lost a similar amount to S$3.30.

AUSTRALIA

HOLIDAYS in Britain and the U.S. left Sydney trading dull as international investors remained on the sidelines. The All-Ordinaries index closed down 1.7 at 676.3 with weakness detected in both industrial and resource sectors.

BHP, ex-dividend at A$9.90, gained 4 cents while Elders IXL put on 11 cents to A$3.71 and Peko rose 5 cents to A$4.45. Among the losers were Howard Smith, 15 cents down at A$3.50 while Vamgas was 8 cents weaker at A$2.80.

Media stocks were hit with News Corp 20 cents down to a 1984 low of A$8.80 and the Herald group was 5 cents off at A$3.10.

SOUTH AFRICA

THE EASIER bullion price turned gold shares lower in Johannesburg with most other sectors following suit.

President Steyn, at R71.50, gave up 50 cents while losses among cheaper issues such as Bracken at R3.90 were confined to 25 cents. In financials, Anglo American shed 5 cents to R22.30.

Elsewhere, diamond share De Beers eased 5 cents to R9.25 and Rustenburg Platinum was 30 cents off at R14.50. Industrials were mixed with a slightly weaker bias.

CANADA

BASE METAL mining shares sparkled in Toronto as gold-related issues suffered a sharp downturn. The oil and gas sector, although not as buoyant, managed to hold a proportionally smaller advance.

Banks led the recovery in Montreal with industrials and utilities displaying welcome, although less obvious, strength.

EUROPE

Fed pledge restores stability

REASSURANCE from the U.S. Federal Reserve Board that it was prepared to take whatever steps necessary to maintain the stability of the U.S. banking system provided some welcome relief for investors in many European centres yesterday.

While the statement from Mr Preston Martin, the Fed vice-chairman, did not provoke any rush to buy, it did establish steady bourse trading conditions, halting the gradual slide seen in many of the centres last week.

The mood in **Frankfurt** was, however, again dominated by the metal workers' dispute with many market operators holding back as employers and the IG Metall union resumed talks over a shorter working week.

In the motor sector, bearing the brunt of the dispute, BMW added 90 pfg to DM 383 as it announced that it had made a strong start to the year, though the dispute was now costing lost sales revenue of between DM 50m and DM 60m a day.

Daimler-Benz was also higher, adding 50 pfg to DM 568.50 and tyre-maker Conti-Gummi firmed 40 pfg to DM 125.40. However, Volkswagen slipped 20 pfg to DM 189.50 as 95,000 of its employees from six plants began a week long lay-off.

Karstadt, the largest West German retail group, added DM 1 to DM 258 on an increased 1983 dividend.

Meanwhile, Lufthansa added DM 4 to DM 137.50 in continued reaction to its plans to raise 1983 dividend.

Bonds held barely steady in a market still troubled by the outlook for U.S. interest rates and the world debt situation. The Bundesbank sold a small DM 2.1m of paper to balance the market compared with sales of DM 7.7m on Monday.

After a slightly higher opening in **Zurich**, shares eased in late trading to close barely changed on the day although banks held on to improvement recorded on Monday.

Foreign buying and selling were about matched while domestic investors were generally hesitant buyers, awaiting their cue from Wall Street's return after the long weekend break.

Some financials extended early gains, with Oerlikon-Buhrle up SwFr 5 to SwFr 1205 and Holderbank SwFr 20 to SwFr 795. Major banks were barely changed.

Bonds closed narrowly mixed in quiet and thin trading.

After a mixed opening, **Paris** tended higher in moderate trading, encouraged by the stability in London share prices.

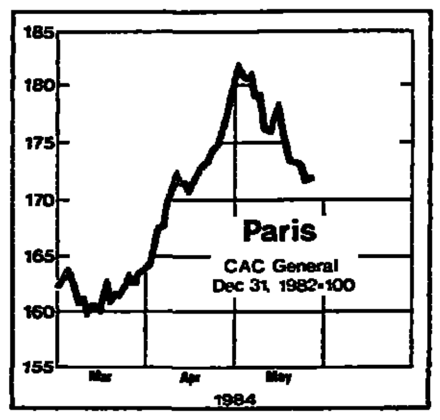
In metals, Creusot-Loire was quoted up FFR 2.10 at FFr 27.10 after a temporary suspension due to excess buying orders. This followed Monday's FFr 5.20 decline as the company filed for protection from its creditors.

Shares retreated from a firmer opening in **Amsterdam**, as profit-taking emerged, but prices still showed a mixed to higher performance on the day.

In banks ABN added Fl 1 to Fl 339, having peaked at Fl 343.50 in early trading, but Amro shed 50 cents to Fl 60 and NMB Fl 4.20 to Fl 131. Insurer Amev gained Fl to Fl 1 144.

Bonds were unchanged to slightly firmer in a market that was, for the second consecutive day, very quiet.

A mixed to lower performance was recorded in **Brussels**. Among the few gainers, the steel group Cockerill-Sambre, which has announced that it expects to break even next year after years of losses, advanced BFr 12 to BFr 304.



Retailer Delhaize lost BFr 80 to BFr 4,750 in continued reaction to its announcement of higher sales in the first four months of this year.

Stockholm extended its declines with just over SKr 4bn – or 1.65 per cent – being wiped off the value of shares.

The J & P index dipped below the 1,400 level for the first time this year – down 21.15 to 1,388.0 – while the Veckans Affarer All-Share index was at another 1984 low for the third successive trading day, falling 8.7 to 516.8.

However, some buying interest revived just before the market's close on expectations, later confirmed, of a record first quarter profit from Volvo, the region's biggest industrial concern. At the close, Volvo's shares were down SKr 10 at SKr 460.

In **Milan**, Centrale met renewed speculative demand adding L185 to L2,370 but Italcementi fell L490 to L45,000 in continued reaction to Monday's results.

Madrid declined in moderate trading with the steel sector showing the sharpest falls.

TOKYO

Margin debt fails to curb buying

SPECULATIVE pharmaceutical and incentive-backed issues pushed shares higher in Tokyo yesterday for the first time in four trading days, despite record margin debts, *writes Shigeo Nishiwaki of Jiji Press.*

With the end of the month approaching, securities companies moved into the market in force to place small-lot buy orders, especially for blue chips.

The Nikkei-Dow market average rose 47.93 to 10,163.97. Advances outpaced declines by 394 to 277 with 155 issues unchanged, while volume increased to 247.66m shares from the year's low of 135.40m recorded the previous day.

Institutional and individual investors were still worried about U.S. interest rates and the Middle East conflict. They seemed to be waiting for guidance from the New York market as it reopened, after closure for the Memorial Day public holiday.

Investment trusts affiliated to major securities companies bought blue chips, with Hitachi adding Y8 to Y848 and Matsushita Electric Industrial Y40 to Y1,770. High priced Kyocera rose Y270 to Y5,920 and Kokusai Denshin Denwa (KDD), a sizeable Y740 to Y19,290.

Food companies with pharmaceutical divisions were popular. Nippon Beet Sugar advanced Y12 to Y299, bolstered by a positive progress report on its development of an anti-cancer drug.

Drugs were generally in the spotlight with Mochida Pharmaceutical jumping Y340 to Y5,600 and Dainippon Pharmaceutical Y330 to Y4,350. But Daiichi Seiyaku dropped Y70 to Y1,170.

Aoki Construction fell Y15 to Y980, but Marubeni gained Y9 to Y389. Aoki and Marubeni are engaged in gold mine development in Brazil and Alaska.

After the market closed, the Tokyo stock exchange announced that the buying balance of margin transactions at the end of last week increased Y41.5bn over the week to a record Y2,784.2bn, registering an all-time high for the fourth consecutive week. The huge margin debts may put downward pressure on the market.

Bond trading was inactive against uncertainty over U.S. interest rates. The yield on the benchmark 7.5 per cent long-term government bond, maturing in January 1993, remained unchanged from the previous day at 7.485 per cent.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅜	13¼	AAR	.44	2.2	20	44	19¾	19½	19⅝	
53	31½	ACF	1.40	2.7	142	432	52½	52½	52⅝	-⅛
22	15½	AMCA	n 1	5.0		8	15⅝	15½	15⅞	-⅛
18⅞	13⅛	AMF	.50	3.4		520	15¼	14⅞	14⅞	-⅜
41¼	26⅝	AMR Cp			5	1733	30⅞	30	30⅜	-¼
20⅝	17½	AMR	pf2.18	11.		15	20⅛	19⅞	20	
41½	29⅝	AMR	pf2.13	6.6		121	32¼	32	32⅜	-¼
26⅛	23	ANR	pf2.57	11.		17	23¾	23⅝	23¾	
16⅝	8¾	APL			4	10	10⅞	10¾	10⅞	+⅛
55¼	40¼	ARA	2.10	5.0	9	216	42½	41¾	42	-½
73⅛	50¼	ASA	3a	4.9		325	62⅛	61⅛	61¼	-¼
33¼	17	AVX	s .32	1.6	15	52	20¼	19⅝	19¾	-½
53⅞	38¼	AbtLab	1.20	3.0	13	1404	40¼	39⅜	39⅝	-¾
30⅝	23⅛	AccoWd	.60	2.4	17	53	25⅜	25⅛	25½	-⅛
27½	20	AcmeC	.40	2.1		60	20¼	c19¾	19¾	-¼
13	8½	AcmeE	.32b	3.7	24	12	8¾	8½	8¾	+¼
24⅞	11	AdmDg	.04	.3	7	27	12⅜	12⅛	12⅛	-½
18¾	15⅞	AdaEx	2.11e	14.		43	15⅞	d15¾	15⅝	
19¾	11¼	AdmMl	.28	1.6	8	7	17⅝	17½	17½	
22	13½	AdvSys	.81t	5.4	15	433	15¼	14⅝	15	+¼
18½	8¼	AGreat	.12	1.4	11	71	8⅝	8¼	8½	
37½	24⅛	AMD	s		25	1381	31⅛	30⅜	30⅝	-¼
24⅝	10⅝	Aeritx	s		9	238	10½	d9⅝	10	-½
42⅞	31½	AetnLf	2.54	8.4	17	285	31¼	d31¼	31½	
35⅞	16⅛	Ahmns	1.20	7.5	4	681	16⅝	d15⅝	16	-½

Continued on Page 29

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
4¾	2⅜	AICPn				13	2⅜	2⅜	2⅜	
15¼	12⅛	ALLab	n		16	7	12½	12⅜	12½	+ ⅛
6⅞	2⅞	vjAMln				181	3⅞	3¾	3⅞	
4⅝	1¼	ATI				2	1¼	1¼	1¼	
64	58¼	ATTFd	n.92e	1.6		79	59⅝	d58½	58⅝	−1⅛
8⅝	3	AcmePr				13	3⅛	3	3	
19½	12¼	AcmU	s .32	2.5	13	3	13	12¾	12¾	− ¼
15⅝	9⅝	Action	s		9	108	14½	13⅝	13¾	− ¼
12	5⅝	Actons	.1t	16.		89	6¼	5⅞	6⅛	+ ¼
6⅝	2⅞	AdmRs			6	11	3⅛	3	3	
30⅞	15⅞	AdRusl	a.10	.6	10	52	17⅛	17¼	17⅛	
28⅞	18	Adobe	.24	1.1	15	69	21½	21	21½	+ ½
6⅛	3¾	AeglsCp			15	16	5⅛	5¼	5¼	− ⅛
6⅜	4	Aeronca			7	19	4⅝	4⅝	4⅝	
32½	21	AflHsp	.44	2.1	8	4	20¾	d20⅝	20⅝	− ⅜
47	38⅞	AflPub	.80	1.9	14	1	43	43	43	− ¼
17½	9⅜	AirSix	.12e	.9	10	163	13⅞	13⅜	13⅜	− ⅛
15⅛	5⅞	AirExp				29	6½	6⅜	6⅜	− ⅛
6⅞	4	Alamc	n		8	82	4⅝	4½	4½	
23¼	9½	AlbaW	.20e	2.0	6	5	9⅞	9⅞	9⅞	− ⅛
12¼	3¾	AlnTr	s			2	3⅞	d3¼	3⅞	− ⅛
14¾	9½	AlmySt		1.4		1	14⅛	14⅛	14⅛	
10½	5⅝	Alpha	.48r	5.8	3	6	8¼	8¼	8¼	+ ⅛
28⅞	12¼	Alphaln	.05	.3	18	76	14½	14	14½	+ ¼
2⅞	1⅛	Altex				62	1¼	1⅛	1¼	
35½	31	Alcoa	pf3.75	12.		z100	32	31½	31½	− ½
32½	11⅝	AlzaCp			86	92	15⅛	14⅞	14⅞	− ⅜
29⅞	11¼	Amdahl	.20	1.8	12	801	12¼	d11⅛	11⅛	−1⅛
25⅝	12	Amedco	.08	.6	16	45	14⅛	14¼	14½	+ ½
7½	4¾	AmBlt	.15	2.9	9	10	5⅛	5⅛	5⅛	
9⅝	2¼	AmCap				31	6⅝	6½	6⅝	+ ¼
39	30	AContrl	.92	2.8	9	2	33¼	33¼	33⅜	+ ¼
[illegible]										

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
				X-Y-Z						
50½	36½	Xerox	3	8.2	8	1626	37⅛	36⅝	36⅞	− ⅛
51½	46¼	Xerox	pf5.45	12.		25	46¼	45¾	46	− ¼
37	21½	XTRA		2.9	9	9	22⅝	21¾	22½	− ⅛
34	24	ZaleCp	1.26	5.0	6	25	25⅛	25	25⅛	− ⅛
30⅞	15½	Zapata	.84	4.0	13	617	21⅞	21⅛	21¼	− ¼
37½	20½	Zayre	s .40b	1.3	9	234	32¼	32	32	− ⅜
38⅝	21½	ZenithE			10	460	24½	24⅛	24½	+ ¼
27⅝	18⅛	Zero	s .36	2.0	14	590	18½	18¼	18¼	− ⅛
37½	21½	Zurnln	1.32	5.8	12	54	23	22⅝	22⅝	− ½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

May 29	Price Schs.	+ or —
Creditanstalt	211	
Goesser	330	
Interunfall	407	
Laenderbank	203	-2
Perlmooser	359	-1
Steyr-Daimler	145	-3
Veitscher Mag	215	-1

BELGIUM/LUXEMBOURG

May 29	Price Frs.	+ or —
ARBED	1,605	-45
Banq Int A Lux	5,000	-52
Bekaert B	4,100	+100
Ciment CBR	2,475	
Cockerill	304	+12
Delhaize	4,750	-80
EBES	2,475	-15
Electrobel	7,110	
Fabrique Nat	2,960	
GB Inno BM	3,100	-70
GBL (Brux)	2,340	
Gevaert	3,220	-5
Hoboken	5,450	
Intercom	1,860	+10
Kredietbank	7,300	
Pan Hldgs	10,000	
Petrofina	7,090	-60
Royale Belge	9,450	-130
Soc. Gen. Banq	3,150	-25
Soc. Gen. Belge	1,770	-60
Sofina	6,120	-60
Solvay	4,150	-20
Tractionel	3,820	-40
UCB	4,700	-100
Vieille Mont	3,920	-30

DENMARK

May 29	Price Kr.	+ or —
Aarhus Olie	380	
Andelsbanken	222	+2
Baltica Skand	635	
CopHandelsbank	232	+5
D. Sukkerfab	600	+10
Danske Bank	223	+4
East Asiatic	173	+3
Forenede Brygg	960	
Forenede Damp	160	
GNT Hldg	490	+15
I.S.S.B.	224	-2
Jyske Bank	530	+10
Novo Ind	2,200	+25
Privatbanken	224	+7
Provinsbanken	309	+2
Smidth (F)	215	+8
Sophus Berend	1,085	
Superfos	451	+10

FRANCE

May 29	Price Frs.	+ or —
Emprunt 4½% 1973	1,845	-3
Emprunt 7% 1973	9,904	+38
CNE 3%	3,725	-93
Air Liquide	557	+11
BIC	405	+4
Bouygues	651	
BSN Gervais	2,510	+9
CIT Alcatel	1,280	-10
Carrefour	1,275	+15
Club Mediter'n	869	+8
CFAO	647	+6
Cie Bancaire	487	
Cofimeg	226	-1.5
Creusot Loire	27.1	+2.1
Darty	928	+13
Dumez S.A.	685	-8
Eaux (Cie Gen)	532	-7
Elf-Aquitaine	263	+3
Gen. Occidentale	611	+1
Imetal	93.6	+0.2
Lafarge Coppee	352.5	-1.5
L'Oreal	2,494	+106
Legrand	1,895	
Maisons Phenix	213	+5
Matra S.A.	1,466	+6
Michelin B	765	-20
Midi (Cie)	1,635	+48
Moet-Hennessy	1,550	+16
Moulinex	98.5	
Nord Est	51.9	+0.9
Pernod Ricard	772	+2
Perrier	535	+17
Petroles Fra	300	+7
Peugeot S.A.	230	+4.9
Poclain	37.5	-5
Printemps Au	152	+2.5
Radiotech	297	+5
Redoute	1,141	+1
Roussel-Uclaf	1,192	+7
Schneider S.A.	86.6	-0.4
Sefimeg	262.5	+3
Skis Rossignol	1,375	+10
Telemech Elect	1,536	-14
Thomson (CSF)	307	+6
Valeo	253.8	-0.2

GERMANY

May 29	Price Dm.	+ or —
AEG-Telef	95.3	+0.2
Allianz Vers	761	-3
BASF	163.5	+0.5
Bayer	168.6	+0.6
Bayer-Hypo	289	+2
Bayer-Verein	315.5	-0.5
BHF-Bank	265	-1
BMW	383	+0.9
Brown Boveri	210	-0.5
Commerzbank	162.7	+0.2
Cont'l Gummi	123.4	-0.4
Daimler-Benz	556.5	+0.5
Degussa	378.5	+1.5
D'sche Babcock	153.2	-1.3
Deutsche Bank	354.4	-0.5
Dresdner Bank	159.5	-0.5
GHH	146	-0.5
Hochtief	520	
Hoechst	174.5	+1.1
Hoesch Werke	115.5	-0.1
Holzmann (P)	424	
Horten	195	+0.5
Kali und Salz	204	
Karstadt	258	
Kaufhof	232.9	+0.2
KHD	247	-1
Kloeckner	60.2	+0.2
Krupp	75	
Linde	373.5	-0.5
Lufthansa	137.5	+4
MAN	147	-1
Mannesmann	142.5	-0.2
Mercedes Hld	482	-1
Metallgesell	242	-1
Muench Rueck	1,005	-32
Preussag	266	
Rhein West Elect	162.5	-0.4
Rosenthal	231	
Schering	335	-1
Siemens	388.3	
Thyssen	84.2	+0.3
Varta	176	+1.5
Veba	167.6	-0.6
V.E.W.	120	-0.4
Verein-West	300	+2
Volkswagen	189.9	-0.2

ITALY

May 29	Price Lire	+ or —
Banca Com'le	33,110	+110
Bastogi IRBS	130	-0.5
Centrale	2,370	+185
Credito Varesino	4,330	-10
Fiat	3,943	+43
Finsider	35.6	+0.6
Generali Assicur	34,960	-290
Invest	3,225	+14
Italcementi	45,000	-490
Montedison	215.5	+4.6
Olivetti	4,501	-29
Pirelli Co	2,610	+3
Pirelli Spa	1,431	
Snia BPD	1,505	+15
Toro Assic	11,590	+140
do. Pref	8,710	+60

NETHERLANDS

May 29	Price Fls	+ or —
ACF Holding	180	-2
AEGON	132	+1
Ahold	178.5	+1.5
AKZO	80.8	+0.3
ABN	359	+1
AMEV	144	+1
AMRO	59.9	-0.6
Bredero Cert	180	
Bos Kalis Westm	23.8	+0.6
Buehrmann-Tet	66.3	+0.2
Calland Hldgs	36	+1
Credit Lyon'is Bk	63.4	
Elsevier-NDU	78.8	+0.8
Gist. Brocades	134	+0.5
Heineken	127.5	+0.5
Hoogovens	52	-0.1
Hunter Douglas	38.1	+1.1
Int Mueller	21	
KLM	154.9	-0.1
Naarden	38.5	-1.5
Nat Ned Cert	220	+3.7
Ned Credit Bank	40	
Ned Mid Bank	141	-4.2
Nedlloyd	115.2	-0.2
Oce Grinten	237	-1
Ommeren (Van)	28	-0.1
Pakhoed	60.8	
Philips	44.5	-0.1
Rijn-Schelde	5.4	+0.1
Robeco	61.5	+0.3
Rodamco	123.1	+0.1
Rolinco	58.1	+0.3
Rorento	38.5	+0.3
Royal Dutch	156.7	-0.6
Unilever	236.9	+0.3
VMF Stork	116.2	+1.2
VNU	122.8	-3
West Utr Bank	89.5	+0.6

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended, xd Ex dividend, xc Ex scrip issue, xr Ex rights, xa Ex all.

NORWAY

May 29	Price Kroner	+ or —
Bergen Bank	169	
Borregaard	280.5	+2.5
Christiania Bk	170	+4
Den Norske Credit	164	-0.5
Elkem	150	+4
Norsk Data	300	-15
Norsk Hydro	669	+10
Storebrand	320	

SPAIN

May 29	Price Pta%	+ or —
Bco Bilbao	320	
Bco Central	320	
Bco Exterior	202	
Bco Hispano	222	-1
Bco Santander	301	
Bco Vizcaya	370	-2
Dragados	149	
Hidrola	49.5	-1.2
Iberduero	59.6	+0.5
Petroleos	130	+6
Telefonica	82.5	-1.0

SWEDEN

May 29	Price Kronor	+ or —
AGA	331	
Alfa-Laval	330	-1
ASEA (Free)	296	
Astra (Free)	415	+5
Atlas Copco	112	-4
Boliden	352	
Cardo (Free)	380	+5
Cellulosa	415	-3
Electrolux B	246	-5
Ericsson	299	-5
Esselte	285	
Mo Och Domsjo	365xa	-7
Pharmacia	235	-10
Saab-Scania	365	-8
Sandvik	400	
Skandia	345	-10
Skan Enskilda	326	
SKF	178	-9
St. Kopparberg	665	
Sven Handelsbn	184	
Swedish Match	222	-12
Volvo B (Free)	460	-10

SWITZERLAND

May 29	Price Frs.	+ or —
Alusuisse	780	-3
Bank Leu	3,850	+50
Brown Boveri	1,290	-5
Ciba Geigy	2,210	-10
do. (Part Certs)	1,700	+10
Credit Suisse	2,215	
Elektrowatt	2,510	+35
Fischer (Geo.)	601	-7
Genevoise	3,675	-75
Hoff-Roche PtCts	100,250	
Hoff-Roche 1/10	10,025	
Jacobs Suchard	6,500	-25
Jelmoli	1,805	-5
Landis & Gyr	1,345	-5
Nestle	5,020	-26
Oer-Buehrle	1,205	+5
Pirelli	247	
Sandoz (Br)	6,650	+25
Sandoz (PtCts)	970	+20
Schindler (PtCts)	550	
Swissair	950	-15
Swiss Bank	338	-2
Swiss Reinsce	7,900	+50
Swiss Volksbk	1,380	
Union Bank	3,405	+5
Winterthur	2,950	+30
Zurich Ins	17,150	+50

AUSTRALIA

May 29	Price Aust $	+ or —
ANZ Group	5.36	-0.04
Acrow Aust	1.6	
Alliance Oil D.	0.6	-0.01
Ampol Pet	1.7	+0.05
Aust Cons Ind	1.69	-0.01
Aust. Guarant	2.5	+0.05
Aust. Nat. Inds	2.48	+0.08
Aust. Paper	1.86	+0.01
Bell Group	4.45	-0.05
Bond Corp Hldgs	1.8	
Boral	3.17	-0.01
B'ville Copper	2.15	+0.01
Brambles Inds	2.58	-0.02
Bridge Oil	2.4	
BHP	9.9 xd	+0.04
CRA	5.0	-0.04
CSR	3.1	
Carlton Utd	4.15	
Castlemaine Tys	4.2	-0.05
Coles (G.J.)	3.45	-0.05
Comalco "A"	2.4	-0.1
Consolidated Pet	0.53	-0.02
Costain Aust	1.3	
Dunlop Aust	1.58	+0.01
E.Z. Inds	4.4	-0.2
Elders IXL	3.71	+0.11
Energy Res	1.35	+0.03

AUSTRALIA (continued)

May 29	Price Aust $	+ or —
Gen Prop Trust	2	
Hardie (J.)	3.05	+0.05
Hartogen Energy	2.45	-0.05
Herald W'y Times	3.1	-0.05
ICI Aust	1.85	-0.05
Jimb'lana 50cFP	0.26	
Kia Ora Gold	0.14	
Lend Lease	4.6	-0.05
MIM	2.98	-0.02
Mayne Nickless	2.15	+0.03
Meekatharra	0.5	-0.05
Myer Emp	1.69	-0.01
Nat. Com. Bk	3.19	-0.01
News	8.8	-0.2
Nicholas Kiwi	2.58	
North Bkn Hill	2.3	-0.02
Oakbridge	0.88	
Otter Expl	0.52	-0.05
Pancont'l	1.18	
Pioneer Conc	1.39	-0.01
Queensland Coal	1.0	-0.01
Reckitt & Coln	2.6	
Repco	1.11	+0.01
Santos	5.6	
Smith (H.)	3.5	-0.15
Southland Min'g	0.36	-0.01
Spargos Expl	0.33	
Thos. Natwide	1.6	-0.07
Tooth	5.3	
Vamgas	2.8	-0.08
Western Mining	3.32	-0.01
Westpac	3.64	-0.02
Woodside Petrol	1.06	+0.07
Woolworths	2.27	-0.01
Wormald Intl	2.9	-0.1

HONG KONG

May 29	Price H.K.$	+ or —
Bank East Asia	20.8	
Cheung Kong	8.25	
China Light	11.3	-0.1
Hang Lung Devel	2.35	
Hang Seng Bank	34	-0.25
HK Electric	5.45	
HK Kowloon Wh	3.6	+0.05
HK Land	3	+0.05
HK Shanghai Bk	6.3	+0.05
HK Telephone	41	
Hutchison Wpa	11.4xa	+0.2
Jardine Math	9.5	+0.05
New World Dev	3.02	
Orient O'seas	2.4	+0.05
O'seas Trust Bk	2.8	+0.05
SHK Props	6.5	+0.15
Swire Pac A	16.4	+0.6
Wheel'k Mard A	3.17	+0.02
Wheel'k M'time	1.9	
World Int. Hldgs	1.95	+0.04

JAPAN

May 29	Price Yen	+ or —
Ajinomoto	1,120	+40
Alps Electric	2,170	+20
Amada	1,120	+20
Asahi Chem	578	+9
Asahi Glass	703	+8
Bridgestone	565	+8
Canon	1,190	-20
Casio Comp	1,240	+20
Chugai Pharm	1,030	-20
Citizen	500	-4
Daiei	675	
Dai Nippon Ptg	920	+18
Daiwa House	444	+4
Ebara	316	
Eisai	1,040	-10
Fanuc	8,500	+250
Fuji Bank	890	+4
Fuji Film	1,630	+10
Fujisawa	869	+44
Fujitsu	1,190	+10
Green Cross	1,700	
Hasegawa	373	+3
Heiwa Real Est	575	+7
Hitachi	848	+4
Hitachi Credit	1,620	+30
Honda	1,140	+40
House Food	751	-14
Hoya	1,910	+100
Itch (C)	301	+1
Ito.Yokado	1,810	
Iwatsu	1,640	+30
JACCS	346	
JAL	5,420	+320
Jusco	819	+9
Kajima	290	-1
Kao Soap	725	+8
Kashiyama	616	+5
Kirin	556	
Kokuyo	1,010	+10
Komatsu	472	+4
Konishiroku	602	+6
Kubota	308	+3
Kumagai	445	+20
Kyoto Ceramic	5,920	+270
Maeda Const	486	
Makino Milling	1,250	+10
Makita	981	+14
Marubeni	389	+9
Marudai	603	+3
Marui	1,110	+20
MEI	1,770	+40
M'ta Elec Works	685	+5
M'bishi Bank	899	-31
M'bishi Corp	520	+2
M'bishi Elec	392	-4
M'bishi Estate	481	-3

JAPAN (continued)

May 29	Price Yen	+ or —
MHI	234	-4
Mitsui Co	351	+10
Mitsui Estate	665	-10
Mitsukoshi	383	+18
NGK Insulators	724	-9
Nihon Cement	202	
Nippon Denso	1,470	+40
Nippon Elect	1,200	+10
Nippon Express	305	+3
Nippon Gakki	603	-5
Nippon Kokan	144	
Nippon Oil	1,050	-40
Nippon Seiko	540	+6
Nippon Shimpan	569	+8
Nippon Steel	163	
Nippon Suisan	319	+1
NTV	11,100	-200
Nippon Yusen	236	-2
Nissan Motor	623	-2
Nisshin Flour	445	+12
Nisshin Steel	200	-5
Nomura	725	+7
Olympus	889	-29
Omron Tateisi	1,710	
Orient Leasing	3,290	+120
Pioneer	2,690	+100
Renown	648	+12
Ricoh	906	+6
Sankyo	690	-7
Sanyo Elect	490	+4
Sapporo	415	-5
Sekisui Prefab	561	+1
Seven-Eleven	8,280	+190
Sharp	1,090	
Shimadzu	539	+3
Shionogi	660	+22
Shiseido	1,060	+10
Sony	3,380	+70
Stanley	686	+9
S'tmo Bank	981	+16
S'tomo Elect	844	+17
S'tomo Marine	408	-1
S'tomo Metal	171	+1
Taihei Dengyo	490	
Taisei Corp	211	-3
Taisho Pharm	912	+13
Takeda	704	
TDK	5,350	+130
Teijin	370	-8
Teikoku Oil	721	-7
Tokyo Marine	560	+5
TBS	759	-7
Tokyo Elect Pwr	1,100	-10
Tokyo Gas	154	
Tokyo Sanyo	708	+9
Tokyo Style	745	-15
Tokyu Corp	291	-5
Toppan Print	746	-4
Toray	417	+2
Toshiba Elect	404	+8
TOTO	570	
Toyo Seikan	720	+4
Toyota Motor	1,340	+20
Victor	2,420	+120
Wacoal	770	-5
Yamaha	526	
Yamanouchi	1,410	-30
Yamazaki	671	-11
Yasuda Fire	289	+7
Yokogawa Bdge	408	+1

SINGAPORE

May 29	Price $	+ or —
Boustead Hldgs	2.43	-0.02
Cold Storage	3.3	-0.02
DBS	8.85	+0.05
Fraser & Neave	5.75	
Genting	5.15	-0.05
Haw Par. Bros	2.29	-0.02
Inchcape Bhd	2.66	-0.02
Keppel Shipyard	2.53xa	-0.02
Malay Banking	9	+0.5
Malay Brew	6.5	-0.1
Multi Purpose	1.94	
OCBC	10.1	+0.15
OUB	4.38	
Sime Darby	2.27	+0.02
Straits St'mship	1.51	
Straits Trdg	5.6	-0.05
UOB	4.98	+0.02

SOUTH AFRICA

May 29	Price Rand	+ or —
Abercom	2.0	
AE & CI	9.2	-0.1
Anglo Am Coal	30.5	
Anglo Am Corp	22.3	-0.25
Anglo Am Gold	149.75	
Barclays Bank	19.25	-0.5
Barlow Rand	14.2	-0.1
Buffels	80.75	-0.75
CNA Gallo	2.9	
Currie Finance	5.2	
De Beers	9.25	-0.25
Driefontein	48.0	-0.5
FS Geduld	52.25	
Gold Fields S.A.	29.75	-0.25
Highveld Steel	5.4	
Nedbank	15.5	
OK Bazaars	18.0	
Protea Hldgs	2.7	-0.05
Rembrandt	26.0	
Rennies	15.6	
Rust. Plat	14.5	-0.3
Sage Hldgs	8.5	
SA Brews	7.6	
Smith (C.G)	23.5	
Tongaat Hulett	11.8	+0.1
Unisec	5.65	

CANADA

TORONTO
Prices at 2.30 pm
May 25

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

[illegible]

Continued on Page 38

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Allied-Lyons	162	+4
British Aero	336	+13
City Site Est	80	+5
Coleman Milne	60	+5
Dunhill	635	+25
Hambro Life	373	+16
Lloyds Bank	527	+9
SGB	134	+4
Slaters Food	92	+12
Waring & Gil	135	+7
Atlantic Res	74	+4
Cen Norseman	378	+20
East Rand Cons	33	+7
Southvaal	£47½	+2¼
Whim Creek	224	+14

FALLS

Applied Comp	590	-50
BSR Int	208	-17
CASE	700	-40
Charter J Roths	88	-4
Courtaulds	132	-5
DPCE	200	-15
Horizon Travel	143	-4
Inchcape	342	-13
Minet Hldgs	148	-4
Petranol	505	-35

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 29

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Indices

NEW YORK-DOW JONES

	May 29	May 28	May 25	May 24	May 23	May 22	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1101.24		1107.10	1103.43	1113.6	1116.82	5055.12 (25/1)	1000.0 (18/4)	5055.12 (25/5/84)	41.22 (2/7/32)
Transport	457.82		462.45	461.32	468.11	478.88	612.63 (9/1)	56.12 (25/5)	612.63 (9/1/84)	12.23 (8/7/32)
Utilities	122.54		123.55	123.55	124.71	125.19	134.83 (6/1)	55.12 (25/5)	163.32 (20/4/69)	10.85 (21/4/42)
Trading vol 1000s	8806	-	7283	-	-	-	-	-	-	-

	May 18	May 11	May 4	(Year Ago Approx)
Ind div yield %	4.94	4.78	4.75	4.59

STANDARD AND POORS

	May 29	May 28	May 25	May 24	May 23	May 22	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	170.76		172.12	171.87	173.88	174.85	190.04 (6/1)	55.12 (25/5)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	150.29		151.82	151.23	153.15	153.88	169.28 (6/1)	55.12 (25/5)	170.99 (22/6/83)	4.4 (1/6/32)

LONDON STOCK EXCHANGE

MARKET REPORT

Stock markets resume trading calmly but share index eases late on poor April trade figures

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 14	May 31	June 1	June 11
June 4	June 14	June 15	June 25
June 18	June 28	June 29	July 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

Trading conditions in London financial markets were extremely subdued as dealings resumed yesterday after the long week-end break. Mindful of the current international uncertainties, not least the crisis of confidence in the U.S. banking system which shattered nerves last week, potential investors were content to await a clearer outlook.

Nevertheless, the calmer conditions which prevailed last Friday continued, underlying sentiment being helped by the statement from Mr Preston Martin, vice-chairman of the U.S. Federal Reserve Board, that the Fed was willing to do whatever was needed to maintain the stability of the U.S. banking system.

Leading equities rarely strayed from previous closing levels for most of the session. Reflecting the better feeling at the outset, the FT Industrial Ordinary share index recorded a rise of 3.9 at the first calculation, but drifted back on the absence of any worthwhile support to record a net gain of only 0.8 at 3 pm. This was turned to a loss of 1.7 at the close of 826.2, the late tone being adversely affected by the poor April trade figures and the lacklustre early performance on Wall Street.

Trading statements from Allied-Lyons and Courtaulds failed to cause much excitement. Allied firmed 4 to 162p, but profit-taking left the latter 5 cheaper at 132p.

The usual round of week-end Press tips drew little response. British Aerospace, however, again traded firmly following suggestions that GEC may be considering a bid for the company; BAe is currently holding merger discussions with Thorn EMI.

Conditions in the Gilt-edged sector continued on a much calmer note. Once again, most of the day's activity was confined to switching, but after fluctuating within relatively narrow limits quotations at the long end of the market settled around ⅛ higher, while the shorts finished with gains ranging to ⅛. A slightly easier trend developed in the late dealings following disappointing April trade figures.

Hambro Life rise

The Financial sector was featured by a jump of 16 to 37p in Hambro Life following reports that the planned £1bn merger with merchant banking and investment group Charterhouse J. Rothschild is unlikely to take place. The two groups are now said to be exploring looser links, including cross-shareholding and joint operations; CJR, however, fell 4 to 88p. Elsewhere, the major clearing banks shrugged aside U.S. banking problems and staged a modest technical rally on hopes of an early rise in base lending rates. Lloyds led the recovery with an improvement of 9 at 527p, while Barclays, 463p, and NatWest, 592p, gained 3 and 4 respectively. Midland failed to participate and lost 3 afresh to 335p. Bank of Scotland added 11 to 323p. German issues came on offer with Commerzbank 20 lower at 860p and Deutsche 2½ points down at £94. Schroders fell 17 to 805p among dull merchant banks where Wintrust dipped 10 to 210p and Kleinwort Benson relinquished 5 to 390p.

News of the £37.9m syndicate losses unsettled Minet which dropped to 147p before closing a net 4 easier at 148p. Among other quietly dull Lloyds Brokers, Hogg Robinson gave up 7 at 177p and Willis Faber softened a few pence to 830p. In Composites, Phoenix cheapened a couple of pence to 430p awaiting today's first-quarter figures.

Specialist engineering concern Holden Hydroman made a successful debut in the Unlisted Securities Market; the shares quickly established a 10p premium over the placing price of 103p and eventually settled at 105p.

The Brewery dividend season continued to provide encouraging news, this time via Allied-Lyons which revealed a 22 per cent expansion in preliminary profits and rose 4 to 162p. Grand Metropolitan firmed a similar amount to 324p; news of the agreed sale of the group's cigarette business in the U.S. to a group fo employees for approximately $325m came well after market hours.

Leading Buildings closed easier in places. RMC settled 4 cheaper at 412p and Redland a couple of pence off at 259p. Barratt Developments, a particularly dull market last week following a downgrading of profit estimates by brokers Scrimageour, Kemp-Gee, slipped to a 1984 low of 90p after cautious weekend Press comment before picking up to close 2 dearer on balance at 94p. Secondary issues had an irregular appearance. John Mowlem encountered occasional selling and shed 6 to 200p, while Higgs and Hill gave up 4 to a low for the year of 282p. On the other hand, revived demand in a restricted market lifted IDC 6 to 130p and speculative interest helped SGB add 4 to 134p.

After last week's drop of 46, ICI edged up to 548p before drifting off late to close 2 cheaper on balance at 544p. Among other Chemicals, Anchor attracted fresh interest and firmed 3 to 123p, but Rentokil lost that much, to 129p.

Inclined firmer in initial trading, leading Stores failed to attract follow-through interest and drifted back to pre-weekend levels. Habitat Mothercare eased 2 more to 280p in front of tomorrow's preliminary results. Investors also displayed scant enthusiasm for secondary Stores. Waring and Gillow were marked 7 higher to 135p awaiting further news of recent bid approaches.

A Press report that the U.S. home computer market has taken a sharp dive with total sales there this year falling far short of the widely forecast figure of US$3bn, depressed computer concerns in Electricals. Dull last Friday, quotations fell away sharply again yesterday on persistent offerings in an unwilling market. BSR fell 17 to 208p and Applied Computer lost 50 to 590p, while CASE dropped 40 to 700p. Diploma relinquished 17 to 503p and DPCE gave up 15 to 300p. Atlantic Computer receded 10 to 270p, CPU eased 7 to 188p as did Acorn to 146p. Elsewhere, FKI hardened 2 to 23p in response to the good results and proposed 10 per cent scrip-issue. Of the leaders, Racal firmed a few pence to 229p following Press comment.

Leading Engineerings passed a quietly dull session. TI softened 2 to 224p and GKN lost the turn to 176p. Elsewhere, secondary issues retreated afresh as potential buyers remained reluctant to commit fresh funds. A. Cohen dropped 15 to 420p, while Ransomes Sims and Jefferies gave up 8 to 330p as did Prestwick Parker to 42p.

British Aerospace good

Secondary issues provided a couple of noteworthy movements in Foods. Sisters Foods, dealt in the Unlisted Securities Market, attracted revived demand and gained 12 to 92p, while Freshbake, also traded in the USM, added 3 to 87p ahead of tomorrow's annual results.

Among the leaders Tate and Lyle closed 2 dearer at 365p, after 368p; the interim results are due today.

British Aerospace highlighted miscellaneous industrials, rising 13 to 336p following a week-end Press suggestion that GEC may be attempting to acquire the Government's 48 per cent stake in BAE prior to launching a full-scale bid; GEC softened 2 to 166p, while Thorn EMI, currently engaged in merger negotiations with BAE, hardened 5 to 557p. Among the other mixed leaders, Metal Box improved 6 to 342p as buyers started to show interest ahead of the interim results scheduled for June 12. Unilever improved 10 to 875p but BTR shaded 5 to 458p and Sowater eased 3 to 269p. Among secondary issues, Booker McConnell, a further penny better at 129p, continued to reflect takeover hopes, while Dunhill rose 25 to 635p in anticipation of today's preliminary figures. Cosalt added 3 to 64½p on press comment, while Marling Industries hardened 2 to 48p for the same reason. S. Pearson, on the other hand, declined 10 to 525p as did A. Bibby to 213p, while Fobel retreated 8 at 84p.

Travel issues remained sensitive. Horizon Travel encountered scrappy selling and shed 4 to a low for the year of 143p, while Intasun eased 3 to 155p.

Coachbuilders Coleman Milne provided an early focal point among Motors, rising to 63p in a lively trade before settling a net 2 dearer at 60p following agreed bid terms from Midepsa, a Montreal-based "shell" operation effectively controlled by Mr Michael Ashcroft of Hawley Group.

Properties traded quietly but managed to retain early modest gains. MEPC hardened a penny to 271p awaiting today's interim results, while Land Securities improved a couple of pence to 271p. The good annual profits and slightly-better-than-expected property revaluation helped Capital and Counties add 2 to 161p. Elsewhere, Marler Estates firmed 2 to 95p on occasional interest, while City Site Estates gained 5 to 60p following the good half-year profits and confident statement.

A shade firmer at the outset reflecting favourable comment, Courtaulds encountered sporadic profit-taking despite the impressive annual figures to finish 5 cheaper on balance at 132p. Other Textiles also trended lower with Allied 3 off at 282p, and Coats Patons 2 easier at 116p. Leeds fell 4 to 101p in front of today's half-timer.

Among Financials, Aitken Hume failed to impress despite announcing a near-70 per cent increase in annual profits and having touched 163p earlier, settled only a penny dearer on balance at 158p. Stockjobbers Smith Bros gave up a couple of pence to 103p awaiting today's preliminary results.

Oils erratic

Oils opened on a firm note, anticipating good demand on the situation in the Gulf war. This failed to materialise and quotations subsequently eased to close wih minor changes in either direction.

BP touched 510p before retreating to end 2 cheaper at 503p, while Shell had an initial gain of 10 pared to 3 at a closing level of 683p. Britoil were finally unchanged at 245p having advanced to 255p in initial dealings. Ultramar ended the day a couple of pence harder on balance at 595p, after 602p and Tricentrol closed unaltered at 205p, after 210p.

Among the Irish issues, Atlantic Resources moved up to 76p prior to closing a net 4 firmer at 74p following a company presentation to analysts and the Press. Bryson gained ground in early trading and touched 650p before reverting to 625p, unchanged on the day while Eglinton were finally 5 to the good at 225p.

Elsewhere, Jackson Exploration edged up 3 to 73p despite the increased loss in the first quarter while the increased full-year earnings prompted good support for Southwest Resources which added a similar amount to 63p, after 65p.

Interest among Overseas Traders centred on Inchcape which declined 13 to 342p, the slightly better-than-expected preliminary profits being annulled by a £43m property write-down. Harrisons and Crosfield, scheduled to announce full-year profits today, hardened 25 to 750p, but Tozer Kemsley and Millbourn, annual figures due early next month, eased the turn to 37p.

Plantations were quietly irregular. Harrisons Malaysian Plantations, which has recently announced details of the proposed acquisition of a number of British-controlled estates, shed a few pence further to 122p.

Golds up again

The South African sectors of mining markets made a bright start to the week.

Golds were marked up sharply at the outset, reflecting strong gains in the U.S. late on Friday evening. Opening levels, were rarely held, however, as selling from Johannesburg was only partly offset by modest buying interest from Continental sources. Interest from New York was negligible.

Nevertheless, rises at the close of business were sufficient to produce a further 18 point jump to 680.5 in the Gold Mines index —a gain of 46.8 over the past two trading sessions.

Bullion, which approached the $390 level in New York on Friday night, closed a net $1 firmer at $385.75 an ounce.

Among the heavyweights Hartebeest were a strong market and rose £1⅛ to £58⅞ following the better-than-expected final dividend, as were Eastern Transvaal, ⅜ up at £18⅞. Kloof and Vaal Reefs jumped £1⅛ apiece to £38⅜ and £92⅛ respectively while Southvaal added £2⅛ at a 1984 high of £47⅛.

South African Financials were similarly buoyant. "Amgold" were an outstanding performer and put on £2⅛ to £84⅛. Gold Fields of South Africa ⅜ to £16⅞ and "Amcoal" ⅛ to £17.

News that the company is seeking to exploit its mineral rights in the Lydenburg district of the Transvaal prompted renewed Cape buying of East Rand Consolidated which jumped 7 to a year's best of 33p. Cobra Emerald were unaltered at 75p awaiting the preliminary figures. Consolidated Murchison, due to announce interim results next month, gave up 25 to 850p.

Platinums mirrored the trend in Golds and showed Rustenburg 8 to the good at 823p and Impala ⅛ harder at £11⅛.

London-domiciled Financials were marginally firmer, Gold Fields closing a net 4 up at 570p and RTZ 3 better at 610p.

Golds were the only good performers in an otherwise mixed Australians sector. In the leading producers Central Norseman advanced 20 to 378p, Poseidon 8 to 278p, North Kalgurli 4 to 68p and Gold Mines of Kalgoorlie 5 to 595p. Second-line issues were highlighted by Whim Creek, which jumped 14 to 224p and Metana, 8 to the good at 166p.

Among leading diversified stocks North Broken Hill fell 3 to a 1984 low of 148p and Peko-Wallsend a like amount to a year's low of 290p.

Subdued conditions in London equities were mirrored by Traded Options which attracted 3,205 contracts—barely half last Friday's total. Commercial Union were again wanted however, and attracted 416 calls, 182 in the July 240's, and 150 puts. Courtaulds recorded 308 calls and 202 puts following the full-year results. Demand for the FTSE 100 index also declined with only 266 calls and 158 puts transacted. Premiums were barely-altered with the notable exception of Consolidated Gold Fields positions where the July 600 calls advanced 7 for a two-day gain of 17 at 32p.

FINANCIAL TIMES STOCK INDICES

	May 29	May 25	May 24	May 23	May 22	May 21	year ago
Government Secs	78.80	78.15	78.11	78.27	79.50	79.73	82.30
Fixed Interest	82.69	82.56	83.22	84.02	84.19	84.60	83.91
Industrial Ord.	826.2	827.9	826.4	847.6	856.3	878.2	712.5
Gold Mines	680.5	662.5	633.7	642.8	655.2	663.4	611.3
Ord. Div. Yield	4.72	4.71	4.72	4.60	4.56	4.46	4.53
Earnings, Yld.% (full)	11.03	10.95	10.95	10.71	10.61	10.37	9.01
P/E Ratio (net) (*)	10.90	10.99	11.00	11.26	11.36	11.63	13.73
Total bargains (Est.)	17,802	21,667	21,581	21,688	21,464	21,560	19,838
Equity turnover £m.	—	310.04	316.59	358.51	289.57	309.60	280.16
Equity bargains	—	19,202	18,036	19,409	18,566	18,577	18,408
Shares traded (ml)	—	158.7	179.9	200.4	158.7	166.7	126.6

10 am 831.8. 11 am 830.7. Noon 829.2. 1 pm 828.7. 2 pm 828.5. 3 pm 829.7.

Basis 100 Govt. Secs. 5/7/55. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest index 01-246 8026.

*Nil=10.42.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	81.77 (9/1)	78.11 (24/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3)	82.56 (25/5)	155.4 (28/11/47)	50.03 (3/1/75)
Ind. Ord.	922.8 (3/5)	770.3 (4/1)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	520.3 (17/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	May 25	May 24
Daily Gilt Edged Bargains	190.1	152.8
Equities Bargains	184.4	116.9
Value	686.7	639.9
5-day Average Gilt Edged Bargains	156.6	147.1
Equities Bargains	120.6	119.4
Value	600.0	607.4

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 21	June 8	Aug 30	Sept 10
June 11	June 22	Sept 13	Sept 24
June 25	July 6	Sept 27	Oct 8

For rate indications see end of Share Information Service.

Call options were arranged in ERF, PetroGen, Petranol, Atlantic Resources, Bryson, Sound Diffusion, Astra Industrial, UKO, Gestetner A, Polly Peck, Bats, Microvitec, Cosalt, Britannia Arrow, Sears, Security Centres, Sumrie Clothes, Phicom, West Coast, ICI, BOC, Comcap, Combined Technologies, Bula, Yelverton, Pict Petroleum, Barratt Developments, ICL, Evode, Brunswick Oil, GEC and H. Young. A put was done in Barratt Developments, while doubles were taken out in West Coast, Birmid Qualcast and Tricentrol.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	77	3	24
Corpns. Dom. and Foreign Bonds	12	15	55
Industrials	192	372	843
Fin. and Props.	79	165	277
Oils	28	27	65
Plantations	6	3	70
Mines	78	15	80
Others	87	41	98
Totals	559	641	1,452

Doubled payment by Rembia Rubber

A dividend doubled to 1p net per share is recommended for 1983 by Rembia Rubber, as profits before tax have advanced from £43,000 to £153,000.

Turnover came to £147,000 (£154,000) and the gross profit to £48,000 (£9,000). There was a gain on the disposal of tangible fixed assets £11,000 (loss £300) and on fixed asset investments £15,000 (£34,000), while the associated companies accounted for £35,000 (£200).

Tax takes £53,000 (£13,000) to leave the net profit at £100,000 (£30,000), for earnings of 2.61p (0.79p). There are extraordinary credits this time of £770,000, comprising a gain on disposal of tangible fixed assets £592,000, less tax £109,000, and provision for professional expenses in connection with Malaysianisation of related company £12,000.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+or–	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+or–
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+or–
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. T Figures assumed. § Issued at par. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters (or fully-paid). ■ Introduction. ● Unlisted Securities Market. ‡ Placing price. †† Official London Listing. ‡ No par value.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Applied Computer	590	–50
Atlantic Resources	74	+4
BSR Intl.	208	–17
Barratt Developments	94	+2
British Aerospace	336	+13
BP	503	–2
Courtaulds	132	–5
Grand Metropolitan	324	+4
Hambro Life	373	+16
ICI	544	–2
Shell Transport	683	+3
Tate & Lyle	365	+2

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (15)

CHEMICALS (1) Mebon
INDUSTRIALS (3) Booker McConnell, Silverthorne, Sandhurst Marketing
LEISURE (1) Miss World
PROPERTY (2) City Site Estates, Rohan Group
TRUSTS (1) NMC Inv.
MINES (7) Cons. Modderfontein, Western Deep, Hartebeest, Randfontein, Southvaal, Rand London

NEW LOWS (162)

BRITISH FUNDS (2)
INT. BK. & O'SEAS GOVT. STLG. ISS. (2)
CORPORATION LOANS (1)
LOANS (1)
AMERICANS (7)
CANADIANS (7)
BANKS (3)
BUILDINGS (6)
CHEMICALS (4)
STORES (4)
ELECTRICALS (10)
ENGINEERING (15)
FOODS (2)
INDUSTRIALS (23)
INSURANCE (1)
LEISURE (4)
MOTORS (1)
NEWSPAPERS (2)
PAPER (1)
PROPERTY (2)
TEXTILES (2)
TRUSTS (9)
OILS (7)
OVERSEAS TRADERS (1)
PLANTATIONS (1)
MINES (6)

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Cons Old Fields	[illegible]	[illegible]	[illegible]
RTZ	[illegible]	[illegible]	[illegible]
Microvitec	[illegible]	[illegible]	[illegible]
Barclays Bank	[illegible]	[illegible]	[illegible]
Glaxo	[illegible]	[illegible]	[illegible]
Shell Transport	[illegible]	[illegible]	[illegible]
BP	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]
Lloyds Bank	[illegible]	[illegible]	[illegible]
Midland Bank	[illegible]	[illegible]	[illegible]
Plessey	[illegible]	[illegible]	[illegible]
BTR	[illegible]	[illegible]	[illegible]
Fleet Holdings	[illegible]	[illegible]	[illegible]
Hanson Trust	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Tues May 29 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Fri May 25 Index No.	Thurs May 24 Index No.	Weds May 23 Index No.	Tues May 22 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (209)	[illegible]									
2 Building Materials (24)	[illegible]									
3 Contracting, Construction (32)	[illegible]									
4 Electricals (14)	[illegible]									
5 Electronics (28)	[illegible]									
6 Mechanical Engineering (62)	[illegible]									
8 Metals and Metal Forming (9)	[illegible]									
9 Motors (17)	[illegible]									
10 Other Industrial Materials (17)	[illegible]									
21 CONSUMER GROUP (194)	[illegible]									
22 Brewers and Distillers (23)	[illegible]									
25 Food Manufacturing (22)	[illegible]									
26 Food Retailing (12)	[illegible]									
27 Health and Household Products (9)	[illegible]									
29 Leisure (23)	[illegible]									
31 Newspapers, Publishing (13)	[illegible]									
32 Packaging and Paper (15)	[illegible]									
34 Stores (46)	[illegible]									
35 Textiles (20)	[illegible]									
36 Tobaccos (3)	[illegible]									
39 Other Consumer (8)	[illegible]									
41 OTHER GROUPS (87)	[illegible]									
42 Chemicals (18)	[illegible]									
44 Office Equipment (4)	[illegible]									
45 Shipping and Transport (14)	[illegible]									
46 Miscellaneous (51)	[illegible]									
49 INDUSTRIAL GROUP (490)	[illegible]									
51 Oils (16)	[illegible]									
59 500 SHARE INDEX	[illegible]									
61 FINANCIAL GROUP (120)	[illegible]									
62 Banks (6)	[illegible]									
63 Discount Houses (7)	[illegible]									
65 Insurance (Life) (9)	[illegible]									
66 Insurance (Composite) (9)	[illegible]									
67 Insurance (Brokers) (6)	[illegible]									
68 Merchant Banks (12)	[illegible]									
69 Property (53)	[illegible]									
70 Other Financial (18)	[illegible]									
71 Investment Trusts (106)	[illegible]									
81 Mining Finance (4)	[illegible]									
91 Overseas Traders (16)	[illegible]									
99 ALL-SHARE INDEX (746)	[illegible]									

	Index No.	Day's Change	Day's High	Day's Low					
FT-SE 100 SHARE INDEX	1056.1	+0.6	1062.1	1055.9	1055.5	1051.6	1075.4	1084.6	—

FIXED INTEREST

PRICE INDICES	Tues May 29	Day's change %	Fri May 25	xd adj. today	xd adj. 1984 to date
British Government					
1 5 years	114.98	+0.09	114.94	0.06	5.01
2 5–15 years	125.07	+0.15	124.88	—	4.92
3 Over 15 years	133.80	+0.23	132.70	—	4.82
4 Irredeemables	141.58	—	141.58	—	6.07
5 All stocks	124.45	+0.14	124.29	0.02	4.97
6 Debentures & Loans	103.66	–0.09	103.74	—	4.47
7 Preference	76.57	–0.09	76.64	—	2.84

AVERAGE GROSS REDEMPTION YIELDS		Tues May 29	Fri May 25	Year ago (approx.)
British Government				
1 Low	5 years	11.24	11.26	9.48
2 Coupons	15 years	11.09	11.09	9.97
3	25 years	10.50	10.51	9.72
4 Medium	5 years	12.09	12.11	11.23
5 Coupons	15 years	11.50	11.54	10.74
6	25 years	10.76	10.78	10.14
7 High	5 years	12.18	12.18	11.34
8 Coupons	15 years	11.68	11.71	10.94
9	25 years	10.85	10.89	10.28
10 Irredeemables		10.37	10.36	9.80
11 Debs &	5 years	12.51	12.48	11.94
12 Loans	15 years	12.18	12.17	11.92
13	25 years	12.00	11.99	11.73
14 Preference		12.92	12.91	12.17

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS 14,861

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
[illegible]						

Option	Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
[illegible]						

Option	Calls June	Calls Sep.	Calls Dec.	Puts June	Puts Sep.	Puts Dec.
[illegible]						

May 29 Total Contracts 3,205. Calls 1,907. Puts 1,298
*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101½	100⅝	Treas 12pc 1984	100⅝	–1/16	11.93	9.67
105⅝	103	Treas. 15pc 1985	103	–1/32	14.53	10.09
102¾	101¼	Exch 12pc Cnv '85	101		11.89	10.22
95⅛	93⅞	Treas 3pc 1985	94		3.19	9.22
102⅝	100	Treas 11½pc 1985	100¼	+1/16	11.42	10.74
99¾	97½	Treas 8¼pcCnv '85	97	+1/16	8.97	10.78
104	101⅞	Exch. 12¼pc 1985	101½		12.07	11.08
103	100¼	Exch. 11¾pc '86	100¼		11.66	11.19
102	97⅞	Treas. 10pc Cnv 1986	97	+1/16	10.21	11.22
90¼	88¼	Treas 3pc 1986	88¼	+1/16	3.38	9.39
102	98⅝	Exch. 10½pc Cv '86	98	+⅛	10.63	11.18
104	100⅞	Treas 12pc 1986	100⅞xd		11.90	11.52
98¾	94½	Treas 8¾pc 1984-86‡‡	94⅝	+⅛	8.98	11.41
108	104	Exch 14pc 1986	104	+⅛	13.34	11.56
87⅛	85	Exch 2½pc 1986	85¼		2.93	9.29
107	103	Exch 13¼pc 1987	103⅛	+1/16	12.82	11.68
100⅞	96⅝	Treas 10¼% Cv '87	96	+1/16	10.59	11.62
86⅛	83¼	Exch 2½pc 1987	83	+1/16	3.00	9.55
101	96	Exch. 10½pc 1987	96⅝	+1/16	10.84	11.79
92	88¼	Funding 6½pc '85-87‡‡	88½	+⅛	7.34	11.21
99⅝	95½	Treas. 10pc 1987	95⅝xd	+⅛	10.44	11.76
85	81⅝	Treas 3pc 1987	81⅝		3.68	9.99
105	100	Treas. 12pc 1987	100⅛	+1/16	11.96	11.83
94⅞	89¼	Treas 7¾pc 1985-88‡‡	89⅞	+⅛	8.67	11.35
100¾	95½	Exch 10½pc '88	95	+1/16	10.94	11.83
98	93⅛	Treas 9¾pc Cv '88	93¼xd	+1/16	10.46	11.91
82	77	Transport 3pc '78-88	77¼	+⅛	3.89	9.96

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
169	134	Macfarlane Gp.	160	.....	3.87	2.6	3.5	13.0
45	37	Maclellan 20p	40	.....	1.6	♦	5.9	♦
127	44½	Macpherson (D.)	127	.....	♦2.25	0.1	2.5	—
64	53	Magnolia Group	53	.....	2.5	3.2	6.7	5.2
64	43	♯Malinmel Hldgs 10p	45	.....	—	—	—	47.9
270	157	Man. Ship Can. £1	237	.....	5.5	3.5	3.3	12.2
95	78	Marley	79	.....	3.2	2.1	5.8	11.1
50½	40	Marling Ind. 10p	48	+2	†1.08	1.7	3.2	21.8
46	29	Marshall L'xy. 'A'	35	−2	1.2	3.6	4.9	6.2
66	54	Marshall's Univ	62	.....	—	—	—	122.0
30	22	Martin-Black	22¢	.....	—	—	—	—
£108	£88	♥Mathesons 7¾%	£96	.....	Q7¾%	2.3	f8.4	—
378	296	Metal Box £1	342	+6	†11.55	3.2	4.8	7.2
220	129	Metal Closures	202	−2	6.3	♦	4.5	♦
27	16	♯Metal Sciences 2½p	16	−1	—	—	—	—
19	8	Metamec Jentique	8	.....	0.01	—	—	—
133	90	♯Midland Marts	90xd	.....	4.0	♦	6.3	♦
64½	45	Mitchell Cotts	58	.....	3.63	1.0	8.9	15.0
79	18	Moben Grp 1p	21	+1	0.5	♦	3.4	♦
168	132	Morgan Crucible	152	−1	7.5	♦	7.0	♦
97	82	Moss (Robt.) 10p	97	+1	2.5	♦	3.7	♦
300	197	♯NMW Computers	285	+20	6.0	3.0	3.0	15.9
65	53	Nash Inds.	53	−1	4.0	2.2	10.8	6.1
47	30	Neil & Sp'ncer 10p	38	.....	—	—	—	16.4
70	45	New Equip 10p	70	.....	♦1.15	6.5	2.3	9.4
33	16	Newman Industs	23	.....	—	—	—	(12.9)
31	16½	Do. 10pc Cnv. Pf.	23	.....	10%	—	6.2	—
66	43½	Norton	46½	.....	1.0	2.9	3.1	16.3
175	150	Norcros	151	.....	b7.0	2.3	6.6	9.1
86	66	Nu-Swift 5p	66	.....	—	—	—	12.9
100	75	Oakwood Grp.	75	.....	d6.5	—	12.4	—
190	152	Office & Elect.	152	−1	7.5	2.8	7.3	6.6
875	700	Oriflame Intl SA	800	.....	Q53c	2.2	4.5	10.0
46	35	Ovenstone 12½c	40	.....	Q4.5c	♦	6.4	♦
£146	£126	Ozalid Fin. Cv.	£126	.....	Q9%	—	f7.4	—
190	157	♯PCT Grp 10p	185	.....	bq4.8	♦	3.6	♦

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

Insurances—continued

Colonial Mutual Group

24 Ludgate Hill EC4P 4BD. 01-248 9861

Commercial Union Group

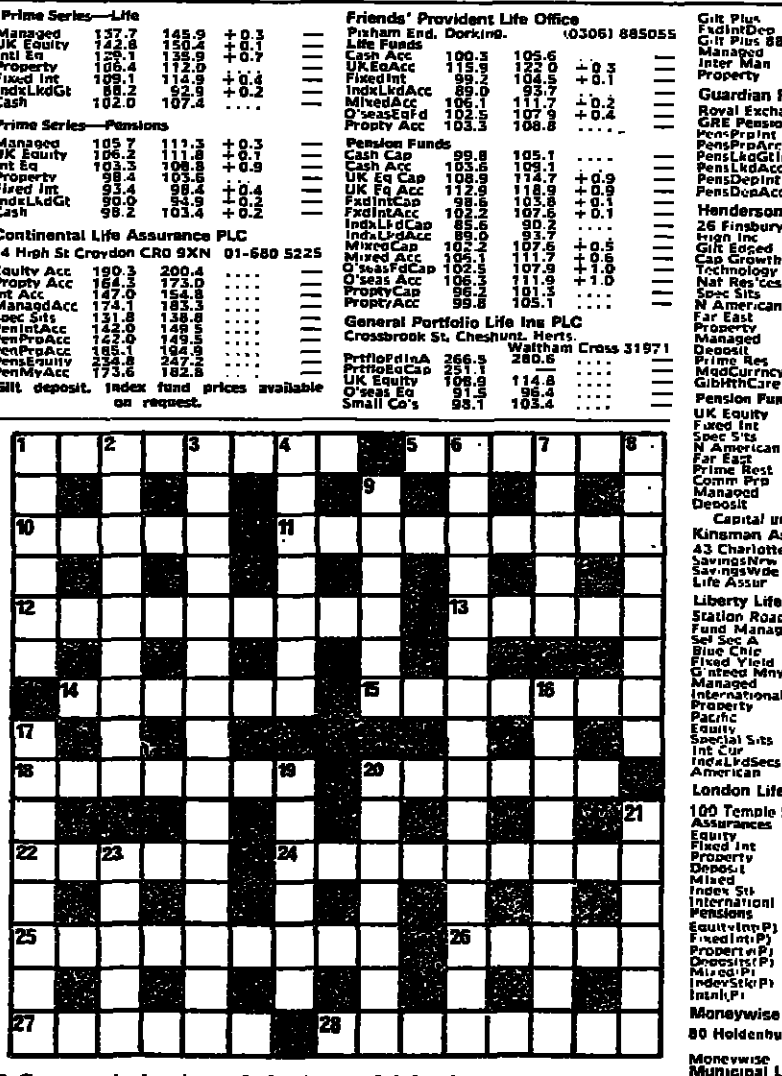
St Helens, 1 Undershaft, EC3. 01-283 7500

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,428



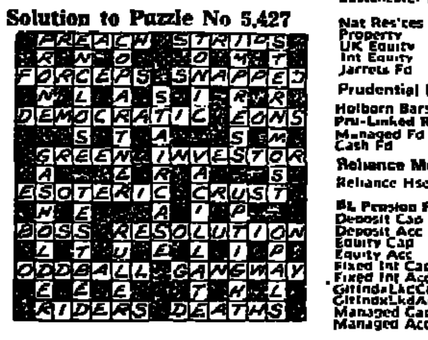
ACROSS

1 River attempt shows diligence (8)
5 Crew member gets apoplexy (6)
10 Person having energy to produce fruit (5)
11 Tom's favourite spot in Cornwall? (9)
12 Once hit, go strangely mythological (9)
13 Public deliveries to time (5)
14 Hirsute officer some disaster! (6)
15 Assembly bid a lot for newspaper (7)
18 Stays and takes control losing leader (7)
20 Corrects printer's measure and finishes (6)
22 Doctor the short answer to complaints (5)
24 Flexible home tiles laid out (9)
25 Sailor not involved with work on clippers? (9)
26 Dripstone Bella concocted (5)
27 Half 19 with commercials for food (6)
28 Lachrymose outcome despite rent reduction (4-4)

DOWN

1 Prisoner not out to win on board (6)
2 Sir Walter's castle is insecure (9)
3 Depression in Berkshire? (6, 2, 7)
4 Love a lyrical song (7)
6 Congreve's deceiver (3, 6, 6)
7 Short weight one wouldn't mind at the seaside (5)
8 Time of day for the flat season (8)
9 Melodious piece for two entertains fifty to a hundred (6)
16 Not even City dealer is useful at home (3-6)
17 Unusual pastime right maybe for highest order (8)
19 Sage little girl goes on through (6)
20 Is she in Paris this female? (7)
21 Loose skin owing we hear to drink (6)
23 Cancel magazine which drops one article (5)

Solution to Puzzle No 5,427



INSURANCE & OVERSEAS MANAGED FUNDS

Lloyds Life Assurance—cont.

Gartmore Funds—Series A

American May 29	153 4	161 5	4 5	
Australian May 29	96 2	101 3	6 9	
British May 29	136 7	143 9	7 8	
Commodity May 29	127 9	134 7	-2 8	
Extra Inc May 29	132 6	139 6	2 6	-
Far Eastern May 29	117 7	123 9	-2 6	-
Gilt May 29	97 6	102 8	2 1	-
Global Strat May 29	178 0	187 4		-
Gold Share May 29	84 2	88 7	+1 2	-
High Inc May 29	132 8	139 8	-6 9	-
Income May 29	165 8	174 6	-9 3	-
Japan May 29	167 8	176 7	+2 1	-
Oil & Energy May 29	131 6	138 6	-4 6	-
Special Sits May 29	153.5	161 6	-6 9	-
UK Smller Cos May 29	138 6	145 9	-6 9	-
Man Growth May 29	156 5	164 8	-1 8	-

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF 01-404 0393

"Asset Builder"	68 7	72.8		-

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr May 16	66 6	71 3		-
MM Flexible May 10	59 1	62.3		-

London Life Linked Assur. Ltd.
100, Temple St, Bristol, BS1 6EA 0272 279179

Continued on adjacent Page

London & Manchester Group
Winslade Park, Exeter EX5 1DS. 0392 52155

	Cap	Acc		Rd M/C
Invest Trust Fd	296 1	321 6	+0.2	337.5
Property Fd	117 6	127 0	-0 1	132.6
Fixed Int Fd	134 9	165 7	+0.2	—
Equity Fd	137 9	148 7	+0.8	—
Intnl Fd	125 8	135.5	-0 8	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU 01 680 0606

Property Fund	292 6		-
Property Fund (A)	284 0		-
Agricultural Fund	1 152 0		-
Agric. Fund (A)	1 119 9		-
Abbey Nat. Fund	234 2		-
Abbey Nat. Fd. (A)	233 0		-
Investment Fund	139 0		—
Investment Fund (A)	135 8		—
Equity Fund	430 0	-1 9	—
Equity Fund (A)	420.6	-1 9	5.8
Money Fund	226 3	..	—
Money Fund (A)	221.8	..	—
Actuarial Fund	233 1		—
Gilt-edged Fund	188 7		—
Gilt-Edged Fd. (A)	188 7		—
Retire Annuity	370 0		—
Immed. Ann'ty	198.5		—
International Fd	246 6		—
Bldg. Soc. Life Fd	109 4		—

Property Growth Pensions & Annuities Ltd.

All Weather Ac. Uts	276 4	291.0		—
Inv. Fd. Uts.		316 2	..	—
Pension Fd. Uts		266 1		—
Conv. Pens. Fd		313 4		—
Cnv. Pns. Cap. Ut		230 0		—
Man. Pens. Fd.		351.0	....	—
Man. Pens. Cap. Ut		268 0		—
Prop. Pens. Fd.		293 0		—
Prop. Pens. Cap. Uts.		217 7		—
Bldg. Soc. Pen. Ut		271 6		—
Bldg. Soc. Cap. Ut		203 5		—
Gilts Pens. Fd.		270 6		—
Gilts Pens. Fd. Cap.		146 1		—
Equity Pens. Fd.		275.5	-0 4	—
Equity Pens. Fd. Cap		233 7	-0 4	—
Intl. Pens Fd		98 6	-0.8	—
Intl Pens Fd Cap		97.0	-0 8	—

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OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

FAO issues warning on Africa's food needs

FOOD NEEDS in Africa are increasing too fast for the continent's farm sector to keep pace, Mr Edouard Saouma, director-general of the United Nations Food and Agriculture Organisation, said in Rome.

He said the crisis in Africa underlined the problem that international food aid arrangements include no provision for dealing with extreme shortages.

The international emergency food reserve should be increased from its present target of cereals to 2m tonnes, he told the Committee on Food Aid Policies and Programmes.

Mr Saouma said the African problem was transitional. "An extremely difficult period may be expected until population, food production and other economic and social factors find a new balance."

Weaknesses in the continent's infrastructure, marketing and processing however, would limit the extent to which demand could be met from the rural hinterland.

Most nations south of the Sahara, which relied on exports of agricultural commodities into sluggish world markets, were likely to face virtually insoluble problems if left unaided to find food for their cities, he said.

He said world food security was not in immediate danger but was vulnerable to any widespread production setbacks which could have a big impact on cereal prices.

Food security could also be damaged by new difficulties in the world economy. These would weaken the export earnings of low income, food-deficit countries and make them less able to finance necessary imports of basic food supplies.
Reuter

London coffee prices tumble

BY JOHN EDWARDS, COMMODITIES EDITOR

COFFEE PRICES tumbled on the London robusta futures market yesterday following a wave of trade and speculative selling. The July position plummeted by £121.5 to close at £2,329 a tonne.

Traders said the steep fall was mainly technical in that it followed a period when the market was rising by leaps and bounds, reaching the highest level since the all-time peaks in 1977.

Heavy speculative buying in the past few weeks in particular left the market extremely vulnerable to profit-taking sales once the upward momentum was no longer maintained.

At the same time it is understood the producing countries have become increasingly worried by the runaway rise in prices coming much faster than expected and threatening to push the market above the point where the export quotas under the International Coffee Agreement are suspended, removing all restrictions on supplies.

Over the weekend Octavio Rainho, president of the Brazilian Coffee Institute, was quoted as saying that Brazil was prepared to take part in a reasonable scheme to cool off prices.

Latin American producing countries are apparently planning to propose measures to guarantee sufficient coffee supplies to consumers at the next meeting of the International Coffee Organisation's executive board next week.

Colombia had already proposed, at the last ICO meeting, that quotas be adjusted to improve the supply situation. It is believed to have started selling heavily in New York on Friday in an effort to damp down the market, and was supported by other trade interests.

Once the downtrend was started it quickly triggered speculative stop-loss points, rapidly accelerating the decline.

Copper stocks fall

BY OUR COMMODITIES EDITOR

COPPER STOCKS held in the London Metal Exchange warehouses fell last week by 8,625 tonnes to 232,800 tonnes. This is the 16th successive weekly decline in stocks, which are now at the lowest level since mid-December 1982.

The fall, however, was in line with market expectations. It had little impact on prices.

Aluminium stocks were down, too, by 1,150 tonnes to 147,575 tonnes. Lead fell by 2,025 tonnes to 88,250 tonnes; nickel by 1,002 tonnes to 27,618 tonnes; and tin by 215 tonnes to 27,415 tonnes.

Zinc stocks, however, rose by 1,475 tonnes to 54,450 tnnes, resultig in a sharp drp in the cash price. Last week this reached the highest level for 10 years.

Cash zinc closed £40 lower at £749.5 a tonne while the three months quotation lost a modest £4.25 to £689.25. It appears the acute squeeze on immediately-available supplies that drove the cash price to such a premium has apparently eased somewhat.

LME silver holdings rose as well, increasing by 576,000 ounces to 48,616,000 ounces.

The markets were generally nervous, awaiting fresh developments in the Iran-Iraq conflict while worrying about the likely impact on demand of the strike by metalworkers in West Germany.

EEC acts to ensure accurate wine data

By Ivo Dawnay in Brussels

FOREIGN MINISTERS of the European Economic Community acted yesterday to ensure that future projections for wine production are accurate. This month it was revealed that underestimations will leave the Community with more than 1.4bn litres above the expected 1.8bn-litre surplus.

This disclosure drew protests from French producers. They claimed Italian growers deliberately underestimated production to take advantage of a special 82 per cent distillation subsidy, paid when surpluses exceed projections.

Current arrangements mean the Common Agricultural Policy's wine budget allocation is heading for an Ecu 1.5bn overspend this year.

Under the European Commission's proposals, endorsed by foreign ministers in France yesterday, more stringent projections will be enforced.

A special committee will be convened to devise a means for the rapid collection of data on supply and demand. It will also look into the general management of the market, along with quality-control and evaluation measures.

M Poul Dalsager, the Agriculture Commissioner, declined, however, to back a French demand for a further distillation of 5m hectolitres on the grounds that the figures on the state of the market remained totally unreliable.

According to current figures stocks are so low in two member-states that national demand cannot be met. Yet it is clear from the market that there is vast oversupply.

● The European Commission proposed adjustments in cereals rebates and levies to make it possible to pre-fix these rates in the transition period

Cocoa talks end hopefully

Anthony McDermott in Geneva looks at the positive side of negotiations for a new international agreement.

THE DECISION on Friday to adjourn the negotiations in Geneva seeking a new International Cocoa Agreement does not mean the talks have ended in failure. Few expected a final decision to be reached and some valuable progress was made towards achieving a new pact.

It was decided that a special meeting of the International Cocoa Council should be held in London on July 16 to extend the existing pact, due to expire at the end of September, and to give more time for another round of negotiations to be resumed in Geneva in October.

By then it is hoped the groundwork will have been laid for the successful conclusion of a new agreement.

Mr Mario Aleman, of Ecuador, president of the conference, said it had achieved considerable success. He said the political will supporting a new agreement had been reaffirmed and would have to be expressed in concrete terms in October.

It was noted that the European Economic Community had finally reached a common stand on its negotiating position. It had put forward new proposals on how to regulate the market, which have yet to be fully discussed, but had broadly agreed to continue using the buffer stock mechanism employed in the existing pact.

At the same time the Ivory Coast, the world's biggest producer and not a member of the existing agreement, is apparently confident a new pact can be reached which it will be prepared to join.

At a press conference Mr Aleman said there had been a broad consensus on the need to retain the buffer stock as the main line of defence for the price level. There were, however, divergent views on other measures that should be used.

Export quotas had been favoured by some and on May 24 the EEC had come forward with a formal proposal, including a system of withdrawal of cocoa from the market. This system broadly would have involved producers rather than consumers.

At the final session Mr Kwesi Botchwey, Ghana's Secretary for Finance and Economic Planning, speaking for the producers, said progress at this session had been very modest.

Indeed, his group expressed "deepest regret and disappointment" that contrary to the group's expectations it had not been possible to conclude an agreement.

He said: "Whilst we, the producers, have arrived at definite positions on all the major issues . . . our partners, in particular the EEC, regrettably have failed to present a common position which would have made it possible for us to move forward."

This is not entirely fair: in reality, in the end, no participant expected this conference to produce a new agreement.

● Cocoa prices reached the highest level for 5½ years on the London futures market yesterday, briefly in the morning, but then lost ground to close lower on the day.

The July position touched a peak of £2,115 before sinking back to £2,082.5 a tonne, £21 down on Friday's close. Lack of follow-through buying interest at the higher levels triggered off speculative profit-taking sales.

Long-term cocoa storage advanced

BY PETER BLACKBURN IN ABIDJAN

THE Ivory Coast has developed techniques for long-term cocoa storage, Mr Denis Bra Kanon, Agriculture Minister, told producer countries meeting in Abidjan recently.

This technical achievement by the world's largest cocoa producer could have an impact on the volatile world market if developed on a commercial scale and used by other producers.

Previously in the tropics cocoa could be stored a few weeks only before deteriorating because of insects, parasites and humidity. It was shipped quickly to European and U.S. export markets where climatic conditions are more suitable.

Producers' inability to control the flow for cocoa shipments was a severe commercial handicap. The Ivory Coast has bitter memories of a costly, unsuccessful attempt in 1980 to stabilise prices by holding back more than 100,000 tonnes from a saturated world market.

The country, however, was ill-equipped physically and technically to store such huge quantities. The Government was soon forced to sell the rapidly rotting cocoa. It invited the country's mian cocoa exporters to develop new storage techniques. The two main exporters hav advanced two methods using three common factors:

● Constant temperature—change in night and day temperatures creates condensation, causing mould on the beans;

● Constant bean humidity level of 7.5 per cent—less would make beans brittle while more would cause mould in the humid tropics air humidity of about 90 per cent has to be cut to 75 per cent;

● Less than 2 per cent oxygen level in the atmosphere—this helps to ensure that insects, parasites and eggs are killed.

Jean Abile-Gal invested $8.75m (£6.1m) in a 33,000-tonne storage complex in Abidjan's Vridi industrial zone.

Sifca, a member of the French Tardivat group, is experimenting with a less costly system invented by Bachmann and engineered by Gerico.

Wool freight rates cut by 20%

MR DAVID ASIMUS, chairman of the Australian Wool Corporation, said the Australian wool industry had negotiated a 20 per cent cut in wool-freight rates to the UK and the rest of Europe for the freight year beginning September 1. The rates apply for the first year of a new three-year wool freight agreement, he said in Melbourne.

The agreement provides for a base rate of US$ 1,319 per full container-load for both greasy or scoured wool, with a loyalty rebate of $131 per container.

Mr Asimus said the results achieved at the talks reflected intense competition in world shipping markets.

The conference made clear its desire to retain its leading role in wool carriage from Australia to Europe and supported this desire with a most attractive freight package.

● URANIUM PECHINEY, a subsidiary of the French state-owned Pechiney, has developed a new process for treating ores with a high clay content or with forms of dispersed clays which have until now prevented economic recovery of uranium, gold and other materials, the group said in Paris.

● THE Singapore International Monetary Exchange (Simex) and the Chicago Mercantile Exchange (CME) have agreed in principle to launch a gold futures contract with London as delivery point. Details should be completed by the end of June.

● RICE output by Argentina in the 1983-84 crop-year was estimated at a record 476,000 tonnes, paddy basis, against 277,000 tonnes last season and a previous 437,000 tonnes record in 1981-82, the Agriculture Secretariat said.

● HUNGARY, Europe's second-largest producer of bauxite after France, is on target for producing its planned 3m tonnes this year, Hungarian Aluminium Corporation (Hungalu) said.

PRICE CHANGES

In tonnes unless stated otherwise	May 29 1984	+ or —	Month ago
Metals			
Aluminium	£1100	....	£1100
Free Mkt	$1580/1420	+15	$1305/380
Copper			
Cash h Grade	£1038	—0.25	£1042.5
3 mths	£1055.75	—0.5	£1069.25
Cash Cathode	£1042.5	+0.25	£1041
3 mths	£1052	—0.5	£1053.25
Gold troy oz	$385.75	+1	$377.5
Lead Cash	£333	+5.25	£326
3 mths	£332.25	+2	£334.5
Nickel	£4988	....	£4896
Free Mkt	215/235c	....	212/252c
Palladium oz	$166.25	—0.25	$157.50
Platinum oz	$392.75	+1.25	$389.25
Quicksilver†	$300/310	+7.5	$310/315
Silver troy oz	665.65p	+4.30	639.10p
3 mths	681.25p	+5.05	652.95p
Tin cash	£9052.5	—5	£9026
3 months	£9007.5	....	£9012.5
Tungsten	$83.20	....	$85.51
Wolfram 22.04lb	$85/89	....	$85/89
Zinc	£749.5	—40	£562
3mths	£689.25	—4.25	£667.25
Producers	$1050/1090	....	$1050/109

	May 29 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1510w	—20	$1230
Groundnut	‡	....	‡
Linseed Crude	‡	....	‡
Palm Malayan	$970y	....	$850
Seeds			
Copra Phil	$855y	—5	$740
Soyabean (U.S.)	$352.9z	—1.1	$317
Grains			
Barley Fut. Sep.	£107.30	....	£105.65
Maize	£147.50	....	£147.50
Wheat Fut. Sep.	£108.20	+0.5	£125.60
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£2153	—16	£1979
Futures Jly	£2082.5	—21	£1908
Coffee Ft. Jly	£2529	—121.5	£2109.5
Cotton A Index	90.10c	+0.4	89.65c
Gas Oil June	$251	—1.5	$238.5
Rubber (kilo)	70.25p	....	72p
Sugar (raw)	£108.5wv	—0.75	£114
Woolt'ps 64s	476p kilo	....	472pkil

‡ Unquoted. z June. v July. y July-Aug. w May-June. x June-July. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

The gas oil market opened about a dollar higher to reflect the strong physical prices but eased during the morning. A weaker-than-expected New York opening put pressure on prices, which quickly moved lower and remained weak through the rest of the day, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.30-28.50	+0.025
Iranian Light	28.10-28.15	—0.025
Arab Heavy	27.00-27.15	—
North Sea (Forties)	29.70-29.85	+0.025
North Sea (Brent)	29.95-30.10	+0.10
African (Bonny Li'ht)	29.80-30.10	-0.025

PRODUCTS—North West Europe ($ per tonne)

Premium gasoline	283-286	+2
Gas Oil	251-255	+2
Heavy fuel oil	187-189	+0.5

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	253.50	+1.00	255.75-52.50
June	251.00	—1.50	253.50-51.00
July	251.50	—2.25	256.00-51.50
Aug.	253.00	—2.00	256.50-55.00
Sept.	254.25	—2.00	256.50-54.25
Oct.	255.75	—2.50	257.75-55.50
Nov.	257.50	—2.25	259.25-57.50
Dec.	259.00	—2.00	260.00
Jan.	260.00	—1.25	—

Turnover: 1,890 (2,769) lots of 100 tonnes.

GOLD MARKETS

Gold gained $1 on the London bullion market yesterday, to finish at $385½-386. It opened at $385½-386½, and was fixed at $385.50 in the morning, and $385.60 in the afternoon. The metal touched a peak of $386.10-386.60, and a low of $385-385½.

In Paris the 12½-kilo gold bar was fixed at FFr 104.600 per kilo ($386.16 per ounce) in the afternoon, compared with FFr 104,500 ($386.10) in the morning, and FFr 104.200 ($385.94) Monday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 34,070 per kilo ($386.99 per ounce) against DM 33,940 ($387.02) on Monday, and closed at $385½-386.

In Luxembourg the 12½-kilo bar was fixed at the equivalent of $386 per ounce.

In Zurich gold finished at $385½-386.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
June	385.30-85.50	+0.65	386.80-85.20
Aug	392.70-92.80	+0.50	394.00-92.80
Oct.	—	—	—
Dec	408.70-08.80	+1.40	—
Feb.	418.20-18.50	—	—
April	425.60-26.80	—	426.70

Turnover: 352 (788) lots of 100 troy ounces.

	May 29		May 25	
Gold Bullion (fine ounce)				
Close	$385½-386¼	(£278¾-279¼)	$384½-385	(£277½-278)
Opening	$385¾-386¼	(£279¼-279¾)	$380¾-381¼	(£274¼-274¾)
Morning fixing	$385.50	(£278.843)	$380.50	(£274.928)
Afternoon fixing	$385.60	(£278.613)	$384.20	(£277.301)

Gold and Platinum Coins May 29

Krugrnd	$397½-398¼	(£287-287¾)	King Sov	$91½-92½	(£66-66¾)
½ Krug.	$204¾-205½	(£147¾-148½)	Victoria Sov	$91½-92½	(£66-66¾)
¼ Krug.	$104½-105½	(£75¼-75¾)	French 20s	$72½-74½	(£52½-53¾)
1/10 Krug.	$42¾-43¾	(£30¾-31½)	50 Pesos Mex	$475-478	(£343¾-345¼)
Mapleleaf	$397¼-398	(£287-287½)	100 Cor-Aust	$375-379	(£270¾-273¾)
New Sov.	$90¾-91½	(£65½-66)	$20 Eagles	$600-610	(£433¼-440½)
½ New Sov.	$54½-55¼	(£39¼-40)	Noble (Plat.)	$404-408½	(£292-295¼)

EUROPEAN MARKETS

ROTTERDAM, May 29.

Wheat—(U.S. $ per tonne): U.S. Two Soft Red Winter Aug 156.50, Sept 158.50. U.S. Two Northern Spring 14 per cent protein June 186.50, July 184.75, Aug 181, Sept 178.50, Oct 181.50, Nov 183. U.S. Three Hard Amber Durum June 191, July 190.50, Aug 187, Sept 184, Oct 186, Nov 188. Canadian One Western Amber Durum Nov 204.

Maize—(U.S. $ per tonne): U.S. Three Yellow May 164, June 161.50, July 162, Aug 162.50, Sept 157.50, July/Sept 160.50, Oct/Dec 143, Jan/March 148 sellers. Argentine Plate afloat 170, May 170, June 169, sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports. June 340.80, July 348, Aug 350.50, Sept 324, Oct 292.30, Nov 292.30, Dec 294.10, Jan 297.70, Feb 301.30, March 304 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 215, June/Sept 224, Oct 219.50, Nov/March 219, sellers. Pellets Brazil afloat 220, May 220, June 220, July 221, Aug 226, Sept 229 Oct/Dec 233 sellers. Soyameal Brazil June 214, July 214, July/Sept 220 sellers. Pellets Argentine afloat 218, May 218, June 216, July 216, June/Sept 219, July/Oct 219 sellers.

PARIS, May 29.

Sugar—(FFr per tonne): Aug 1362/1363, Oct 1441/1445, Dec 1525/1530, Mar 1665/1675, May 1736/1755, Aug 1795/1840.

Cocoa—(FFr per 100 kg): May 2490 ask, July 2475 ask, Sept 2486/2494, Dec 2268/2270, Mar 2184/2230, May 2240 ask, July 2240 ask.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were little changed on the London Metal Exchange. Copper opened firmer at £1,063 but gradually fell away on lack of interest to close the late kerb at £1,056. The rise in LME stocks of Zinc saw the backwardation in the latter narrow to around £60 but three months material held relatively steady at £690.75. Lead moved in a narrow range and was finally quoted at £333.5. Buying from one quarter boosted Nickel to £3,570 at the close while Commission House buying interested lifted Aluminium to £996 before a close £989.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1035.5-6	—8	1037.5-8.5	+.25
3 months	1054.5	—8	1055.5-6	—.5
Settlem't	1036	—8	—	......
Cathodes				
Cash	1039-40	—2.75	1042-3	+.25
3 months	1049-50	—3	1051-3	—.5
Settlem't	1040	—2.5	—	......

Amalgamated Metal Trading reported that in the morning Higher Grade traded at three months £1,058 58.50, 59, 58.50, 58, 57, 56, 55.50, 55, 54.50. Cathodes: Cash £1,039, three months £1,049. Kerb: Higher Grade: Three months £1,055, 54.50, 54, 53.50, 53, 54 54.50. Afternoon: Higher Grade: Three months £1,054, 55, 56, 55.5, 55, 56.5. Kerb: Higher Grade. Three months £1,056. 56.5, 57, 57.5, 57, 56. Turnover: 24,500 tonnes. U.S. Producers: 68-73 cents a pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9035-40	-40	9070-80	—2.5
3 months	9040-50		9055-60	+12.5
Settlem't	9040	-40	—	
Standard				
Cash	9035-40	-20	9050-55	—5
3 months	9000-5	—5	9005-10	.....
Settlem't	9040	—20	—	
Straits E.	$29.15	.....	—	

Tin—Morning: Standard: Cash £9,035, three months £9,015, 10, 05, 06, 05. High Grade: Cash £9,040. Kerb: Standard: Three months £9,005. Afternoon: Standard: Three months £9,015, 10. High Grade: Three months £9,060. Kerb: Standard: Three months £9,000. Turnover: 1,940 tonnes.

LEAD

25.00-28.00 cents per pound.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	337-8	+9.75	332-4	+5.25
3 months	335.5-6.5	+12.2	332-.5	+2
Settlem't	338	+10	—	.....

Lead—Morning: Cash £337, three months £334, 33, 32.50, 33, 35.00, 36. Kerb: Three months £335, 35.50, 35, 34.50, 34, 34.50. Afternoon: Three months £333, 34, 33. Kerb: Three months £333, 34. Turnover: 7,350 tonnes. U.S. Spot: 25-28 cents a pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	758-60	—30.5	749-50	—40
3 months	689-90	—4	689-.5	—4.25
Settlem't	760	—30	—	.....

Zinc—Morning: Cash £750, 55, three months £690, 89, 88, 88.50, 89, 90. Kerb: Three months £689.50, 89, 89.50. Afternoon: Cash £755, 50, 49, three months £690, 89.5, 50, 88, 89, 89.5, 89. Kerb: Three months £690, 91, 90.5. Turnover: 14,050 tonnes. U.S. Prime Western: 52.75-53.75 cents a pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	974-5	+9.5	978.5-9.5	+14
3 months	983-.5	+8.75	988-.5	+15.7

Aluminium—Morning: Three months £985, 85 50, 83, 83 50. Kerb: Three months £983, 82, 81.50. Afternoon: Three months £982, 81.5, 81, 81.5, 82, 86, 87, 88, 89, 88. Kerb. Three months £989, 90, 89, 88.5, 88, 89. Turnover: 29,750 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3512-5	+71	3498-50	—56.5
3 months	3585-6	+68	3573-75	+56.5

Nickel — Morning: Three months £3,565, 70, 75, 80, 90, 85, 88, 85. Kerb: Three months £3,585. Afternoon: Three months £3,579, 75, 74, 75, 80, 75. Kerb: Three months £3,570. Turnover: 1,850 tonnes.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 3,390-3,430.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse 3.75-3.95.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 1.51-1.60, sticks 1.52-1.60.

COBALT: European free market 99.5 per cent, $ per pound, in warehouse 10.90-11.00.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 10.90-11.00.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 302-312.

MOLYBDENUM: European free market, drummed molbdic oxide, $ per pound Mo, in warehouse 3.80-3.90.

SELENIUM: European free market min 99.5 per cent, $ per pound, in warehouse 10.50-11.50.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif 85-89.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per pound, V_2O_5, cif 2.50-2.60.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam, 1,750.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per pound, tonne lots, ex-warehouse 4.00.

COBALT: World, Zaire: Sozacom, $ per pound 12.50.

NICKEL: World, Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per pound U_3O_8 17.50.

VANADIUM: Highveld fused min 98 per cent V_2O_5, $ per pound V_2O_5, cif 2.30.

ZINC: GOB producer basis, $ per tonne 1,090.

SILVER

LME—Silver (2,000 oz contract): Cash 667p (670p): three months 682.75p (682p). Turnover: 0 (3).

Turnover: 197 (108) lots of 10,000 oz. Morning: Large three months 683.5, 84.0, 83.0, 82.0, 82.5. Kerb: large three months 681.0, 81.5. Afternoon: large three months 681.5. Kerb: three months 683.0, 84.0, 83.5, 83.0.

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffial	+ or —
Spot	665.65p	+4.30	657o	—5
3 months	681.25p	+5.05	682.75p	—1.5
6 months	699.90p	+6.75	......	......
12months	734.70p	+6.00	......	......

Silver was fixed 4.3p an ounce higher for spot delivery on the London bullion market yesterday at 665.65p U.S. cent equivalents of the fixing levels were: spot 920.2c, up 4.2c; three-month 946.9c, up 5.5c; six-month 978.2c, up 6.1c; and 12-month 1040.5, up 5.8c. The metal opened at 667¼-669¼p (922-925c) and closed at 666½-669p (922-925c).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 575.2, 575.5, 576.0-575.1; Oct 563.0, 566.5, untraded; Dec 569.0, 570.0, u/t; March 580.0, 581.0, 581.0-580.1; May 589.0, 592.0, u/t; July 590.0, 597.0, 597.0-595.0; Oct 590.0, 593.0, u/t; Dec 592.0, 598.0, u/t. Sales: 34.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer seller, business). New Zealand cents per kg. May 418, 440, nil; Aug 448, 452, 452-451; Oct 447, 450, 450-447, Dec 447, 449, 454-446; Jan 447, 449, 453-446; March 454, 456, 461-453; May 464, 465, 472-464; Aug 478, 480, 485-477; Oct 480, 492, 484-479. Sales: 309.

COCOA

Following a steady opening, which hit 5½ year highs, futures eased almost £30 to end an active afternoon session at the lows. The physical market failed to react and little interest was seen from either producers or consumers, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	2070-90	—1.5	2110-85
July	2082-83	—21.0	2115-82
Sept	2052-53	—32.0	2088-52
Dec	1884-86	—29.5	1915-86
March	1837-40	—29.5	1870-40
May	1838-44	—22.0	1865-52
July	1833-45	—24.0	—

Sales: 4,521 (5,421) lots of 10 tonnes.

ICCO Indicator prices—(U.S. cents per pound). Daily prices for May 29. 12.94 (125.39): five-day average for May 30: 123.84 (124.06).

COFFEE

During a fairly active opening values traded £50-£90 lower as a limit-down close in New York prompted a sharp decline, reports Drexel Burnham Lambert. Trade dealer buying encouraged a recovery during the afternoon before losses were extended as pressure in July triggered a weaker close.

COFFEE	Yesterd'ys Close	+ or —	Business Done
May	2280-90	—132.5	2350-90
July	2328-30	—121.5	2400-24
Sept	2287-90	—98.0	2350-85
Dec	2300-05	—76.5	2355-02
January	2240-45	—70.0	2285-40
March	2155-58	—53.5	2190-50
May	2100-15	—56.5	2115-00

Sales: 5,743 (6,435) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) fob May 25: Comp. daily 1979 150.48 (152.82): 15-day average 149.61 (149.20).

GRAINS

Business done—Wheat: July 129.50-9.25, Sept 108.05-7.90, Nov 111.15-10.60, Jan 114.20-3.65, Mar 116.75-6.35. Sales: 135 lots of 100 tonnes. Barley: Sept 107.50-7.05, Nov 10.45-10.05, Jan 113.20-2.90, Mar 115.90-5.80. Sales: 125 lots of 100 tonnes.

July wheat reached 60p up on physical demand but met profit-taking to close at the lows. New crops found good shipper buying to rise slowly throughout the day with "A" contracts under hedge selling pressure, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd's close	+ or —
July	129.10	+0.20	—	—
Sept.	108.20	+0.30	107.30	—
Nov.	111.15	+0.35	110.40	+0.15
Jan	114.20	+0.45	113.20	+0.10
Mar.	116.75	—0.25	115.85	+0.05

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent, June 145.50, July 144, Aug 141, Sept 139.25 sellers transhipment East Coast. Maize: U.S. No. 3 Yellow/French, May 147.50 seller East Coast. Barley: English feed fob, June 128 paid East Coast. Sorghum: U.S./Argentine/French, mid-May/mid-June 138 quoted cif free out. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 119.30, S. West 119.70, W. Mids 119.80. The UK monetary coefficient for the week beginning Monday May 28 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

PIGMEAT

With physical prices showing signs of stabilising, the futures market opened steady. The spot month continues to tread new ground, while August recovered after recent losses, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
June	123.5	122.9	124.4-123.1
Aug	117.3	116.8	117.4-117.1
Oct	119.8	119.7	120.3-119.7
Nov.	120.0	120.0	120.2-120.0
Feb	118.0	118.0	—
April	117.7	117.1	—

Sales: 50 (166) lots of 50 carcases, 3,250 kilos.

POTATOES

The market was quiet. Initial strength took May to £275. But this was shortlived and by the close it had slipped back to unchanged. Heavy rain at the weekend depressed new crop values by as much as £3.00 before profit-taking and fresh buying lifted prices, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
May	260.00	260.00	275.10-260.
Nov	72.30	74.10	75.00-71.50
Feb	81.50	83.00	81.00-80.60
April	93.70	95.80	94.50-92.50
May	105.50	106.00	104.5-104.0

RUBBER

PHYSICALS—The London market opened slightly easier, attracted very little interest throughout the day and closed on an idle note, reports Lewis and Peat. Closing prices (buyers): spot 70.25p (same): July 75.25p (same). The Kuala Lumpur June fob price for RSS No 1 was 222.5 (223.0) cents a kg and for SMR 20 was 212.0 (212.5).

FUTURES—Close (buyer, seller, business). RSS No 1 £ per tonne. June 680, 715, nil; July 705, 730, nil; Aug 725, 735, nil; Sept 739, 741, 741; Oct 748, 755, nil; Nov 762, 764, 764-760; Dec 768, 775, nil; Jan 772, 783, nil; Feb 784, 787, nil; July/Sept 726, 734, 735; Oct/Dec 762, 765, 761; Jan/Mar 783, 784, 784. Sales: 9 (58) lots of 15 tonnes, 23 (0) lots of 5 tonnes.

SOYABEAN MEAL

	Yestday's close	+ or —	Business Done
	£ per tonne		
June	155.00-58.00	—	—
August	155.70-55.80	—0.70	156.60-55.50
October	157.90-58.00	—1.05	158.50-58.00
Dec	157.00-58.20	—0.80	158.50
Feb	157.50-59.50	—1.00	158.50
Apr.	157.50-59.50	—0.75	—
June	158.50-59.50	—0.75	—

Sales: 419 (457) lots of 40 tonnes.

Sales: 96 (96) lots of 100 tonnes; 5 (0) lots of 20 tonnes.

INDICES

FINANCIAL TIMES

May 25	May 24	M'th ago	Year ago
319.56	318.06	307.12	270.53

(Base July 1 '52=100)

REUTERS

May 29	May 25	M'th ago	Year ago
2020.4	2020.2	1998.8	1832.7

(Base: September 18 1931=100)

MOODY'S

May 28	May 24	M'th ago	Year ago
1077.2	1079.5	1072.9	1061.5

(Base: December 31 1974=100)

DOW JONES

Dow Jones	May 25	May 24	Month ago	Year ago
Spot	142.05	141.04	140.23	146.14
Fut's	142.1	141.58	140.97	150.44

(Base: December 31 1974=100)

SUGAR

LONDON DAILY PRICE—Raw sugar £108.50 ($150.00), down 75p (down $1.00), a tonne for May-June-July delivery. White sugar $162.00, down 50c.

The market opened about $4.00 lower in line with the pre-weekend decline in New York. However, the volume was very small and there was enough trade support to arrest the decline, reports C. Czarnikow.

No. 6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	156.28-58.40	161.00-61.20	157.80-56.00
Oct.	164.00-64.20	169.20-69.40	165.80-63.60
Dec	171.60-72.20	176.00-77.00	174.00
Mar.	189.80-90.00	194.60-94.80	191.60-89.60
May	196.40-97.00	201.00-01.60	196.40
Aug	205.00-06.00	209.00-09.00	206.20
Oct	210.00-13.00	215.00-17.00	—

Sales: No 6 1,309 (1,814) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £214.50 (£215.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for May 24. Daily price 5.59 (5.55). 15-day average 5.55 (5.50).

AMERICAN MARKETS

NEW YORK, May 29.

Precious Metals were lower on the lack of fresh news from the Persian Gulf and on a weaker tone in the currencies, reports Heinold Commodities. Copper came under pressure despite a stock drawdown on the Comex and the LME and despite arbitrage support. Aluminium prices were higher on reported cutbacks in production followed by active arbitrage buying. Heating oil traded lower on commission house liquidation after Iran indicated a possible moderation in attacking Gulf shipping over the weekend. Cotton was firm, trading higher most of the day in reaction to very unfavourable weather in Texas and the Delta; distant months made new highs on this move. Sugar prices were lower on technical selling which set off some long liquidation. Cocoa prices declined sharply on hedge selling by producing countries, particularly Ghana and the Ivory Coast. Coffee prices again collapsed as massive long liquidation continued and new technical selling accelerated the price decline. The weakness was fuelled by indications that the ICO might lift shipping quotas entirely. Grain markets were mixed after early weakness. The big sell-off affected the soyabean complex forcing soyabeans to limit-down during the day. Soyabean oil was responsible for most of the weakness and closed itself limit-down forcing soyabeans sharply lower.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
June	63.70	—	—	62.85
July	64.35	64.70	63.30	63.30
Sept	65.25	65.20	65.20	64.10
Dec	66.60	—	—	65.36
Jan	67.10	—	—	65.85
March	68.10	—	—	66.85
May	69.10	—	—	62.65
July	70.10	—	—	68.85
Sept	71.10	—	—	69.85
Dec	72.60	—	—	71.35

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
July	2662	2706	2653	2712
Sept	2675	2705	2665	2722
Dec	2515	2548	2500	2568
March	2455	2485	2455	2510
May	2500	—	—	2500
July	2510	—	—	2505

COFFEE "C" 37,000lb, cents/lb

	Close	High	Low	Prev
July	141.90	43.70	41.75	45.06
Sept	143.27	45.25	43.01	46.77
Dec	143.17	45.00	43.05	47.05
March	142.05	43.50	41.95	45.90
May	142.26	43.25	42.00	45.05
July	141.95	—	—	43.95
Sept	141.50	—	—	42.63

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
June	64.05	—	—	64.65
July	64.75	65.10	64.70	65.30
Sept	66.15	66.50	66.15	66.70
Dec	68.20	68.60	68.20	68.75
Jan	68.85	—	—	69.40
March	70.20	70.50	70.30	70.75
May	71.60	71.70	71.55	64.55
July	73.00	—	—	73.55
Sept	74.40	74.60	74.50	74.95
Dec	76.50	76.60	76.55	77.05

COTTON 50,000lb, cents/lb

	Close	High	Low	Prev
July	86.11	86.25	85.40	85.74
Oct	82.02	82.09	81.10	81.47
Dec	78.34	78.40	77.44	77.62
March	79.35	79.36	78.50	78.60
May	79.90	—	—	79.10
July	80.01	79.85	79.85	79.30
Oct	77.65	77.27	77.25	77.20

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
July	30.72	30.88	30.71	30.88
August	30.82	30.97	30.81	30.97
Sept	30.89	30.97	30.88	31.00
Oct	30.90	30.96	30.88	31.04
Nov	30.90	30.95	30.89	31.02
Dec	30.90	30.95	30.89	30.98
Jan	30.90	30.87	30.87	30.95
Feb	30.80	30.85	30.80	30.82
March	30.80	30.80	30.80	30.82

GOLD 100 troy oz; $/troy oz

	Close	High	Low	Prev
June	385.2	387.0	384.5	390.0
July	388.7	388.0	388.0	393.5
Aug	392.3	394.0	391.8	397.1
October	400.4	402.0	399.6	405.3
Dec	408.9	411.2	408.3	413.8
Feb	417.7	419.2	417.6	422.6
April	426.6	427.8	425.7	431.5
June	436.2	437.3	436.3	441.1
Aug	446.2	446.2	446.2	451.1
October	456.1	—	—	461.2
Feb	476.8	479.0	478.0	482.1

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
June	80.75	81.25	80.60	81.51
July	81.40	81.95	81.30	82.28
August	82.25	82.65	82.20	83.09
Sept	83.30	83.60	83.30	84.03
Oct	84.30	84.50	84.20	84.93
Nov	85.40	85.65	85.40	85.83
Dec	86.00	86.35	86.00	86.65
Jan	86.56	86.80	86.45	87.18
Feb	86.75	86.75	76.70	87.16
March	83.60	83.60	83.60	84.00

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	181.20	84.50	80.60	81.70
Sept	181.00	83.90	80.10	81.50
Nov	180.00	80.10	79.10	79.75
Jan	180.25	80.50	79.20	79.75
March	179.40	—	—	78.90
Sept	178.95	—	—	78.55

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	393.1	—	—	397.1
July	396.6	399.5	395.5	370.4
Oct	406.4	409.0	406.0	409.9
Jan	415.3	417.0	415.5	417.8
April	424.2	425.5	424.0	426.7
July	433.7	—	—	435.7

SILVER 5,000 troy oz; cents/troy oz

	Close	High	Low	Prev
June	914.2	925.0	919.0	933.7
July	923.0	938.0	921.0	943.0
Sept	942.4	955.5	940.5	962.4
Dec	972.0	986.0	972.0	992.0
Jan	982.2	—	—	1002.3
March	1003.2	1015.0	1002.0	1023.2
July	1047.7	1053.7	1053.7	1067.7
Sept	1071.7	—	—	1091.7
Dec	1109.2	1119.0	1117.2	1129.2

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	5.72	5.82	5.70	5.85
Sept	5.94	6.07	5.92	6.15
Oct	6.15	6.28	6.15	6.29
Jan	6.73	6.80	6.77	6.88
March	7.32	7.42	7.30	7.37
May	7.58	7.67	7.57	7.61
July	7.87	8.00	7.87	7.90
Sept	8.15	8.20	8.10	8.13
Oct	8.38	8.50	8.40	8.38

CHICAGO

LIVE CATTLE 40,000 lb; cents/lb

	Close	High	Low	Prev
June	65.12	65.37	64.90	65.17
Aug	62.90	63.15	62.70	63.12
Oct	62.60	62.87	62.40	62.65
Dec	63.97	64.07	63.90	64.07
Feb	64.27	64.40	64.20	64.42
April	65.10	65.25	65.00	65.30

LIVE HOGS 30,000 lb; cents/lb

	Close	High	Low	Prev
June	51.85	52.35	51.80	52.10
July	56.10	56.45	55.96	56.47
Aug	56.72	57.15	56.60	57.12
October	55.10	55.80	55.05	55.80
Dec	55.05	55.85	54.90	55.92
Feb	56.07	56.52	55.92	56.62
April	51.42	51.85	51.42	51.80
June	54.37	54.55	54.25	54.57
July	54.87	54.90	54.87	55.00

MAIZE 5,000 bu min; cents/56lb-bushel

	Close	High	Low	Prev
July	353.4	353.6	349.2	353.0
Sept	328.2	328.4	324.4	328.4
Dec	306.0	306.0	302.4	307.4
March	314.2	314.8	311.4	318.4
May	318.4	318.6	316.2	320.4
July	320.4	321.2	318.4	322.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	63.32	63.80	62.60	63.17
August	62.02	62.87	61.80	62.12
Feb	73.75	74.55	73.60	74.55
March	72.55	73.50	72.85	73.60
May	74.30	75.05	74.25	75.50
July	75.60	76.30	75.60	76.50
Aug	73.80	73.80	73.75	74.80

SOYABEANS 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
July	867.0	868.0	857.2	887.0
Aug	859.4	873.0	861.0	876.0
Sept	786.6	796.0	778.0	797.6
Nov	740.4	745.0	733.4	745.4
Jan	750.4	755.0	744.0	755.2
March	761.0	765.0	755.0	765.0
May	769.0	769.0	764.0	773.0
July	773.0	—	—	777.0

SOYABEAN MEAL 100 tons; $/ton

	Close	High	Low	Prev
July	200.4	201.0	196.3	202.9
August	202.5	203.0	198.6	204.9
Sept	196.5	196.5	189.5	199.5
October	188.7	189.0	186.2	188.0
Dec	189.8	190.0	187.8	189.8
January	191.0	191.5	189.0	191.0
March	193.3	194.5	193.0	193.0
May	194.6	—	—	193.5

SOYABEAN OIL 60,000 lb; cents/lb

	Close	High	Low	Prev
July	37.80	38.65	37.00	38.80
Aug	36.52	37.25	36.52	37.52
Sept	34.35	35.15	34.35	35.35
October	31.35	32.10	31.35	32.35
Dec	29.77	30.05	29.30	30.77
Jan	29.65	29.70	29.10	29.78
March	29.32	29.50	28.80	29.50
May	29.32	—	—	29.48
July	29.33	—	—	29.48

WHEAT 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
July	364.6	365.2	360.0	369.6
Sept	368.6	369.0	364.4	369.4
Dec	384.6	385.0	380.0	385.8
March	396.0	396.2	390.4	395.2
May	398.2	399.2	398.4	398.0
July	393.0	393.0	390.0	392.0

SPOT PRICES—Chicago loose lard 31.00 (same) cents per pound. New York tin 573.0-85.0 (581.87.0) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling improve

The dollar finished slightly firmer overall at the end of uneventful European trading. The foreign exchanges opened very quietly after the holiday weekend in Britain and the U.S., and ahead of the Ascension Day holidays in parts of Europe later this week. Trade may have also been affected by the absence of some dealers for a foreign exchange conference in Belgrade. The dollar was firm initially against a background of tension in the Middle East and following reassurances from the Federal Reserve about its support for the U.S. banking system. Eurodollar rates were easier, however, and there is still a general expectation that Fed action to calm the markets will prevent higher interest rates in the short term. This tended to limit any demand for the dollar, and after a firm opening in New York the U.S. currency turned down to finish on a weaker note.

Despite the weak close the dollar finished higher than last Friday at DM 2.73 against DM 2.7225; FFr 8.4125 against FFr 8.3850; SwFr 2.2570 compared with SwFr 2.2450; and Y231.70 against Y231.50.

On Bank of England figures the dollar's trade-weighted index rose to 131.3 from 130.9.

STERLING — Trading range against the dollar in 1984 is 1.4940 to 1.3805. April average 1.4226. Trade-weighted index 79.6, against 79.5 at noon and the opening, 79.4 at Friday's close, and 83.1 six months ago.

Sterling was generally on the sidelines, but moved up with the dollar against Continental currencies, and shrugged off any disappointment at the much worse than expected UK April trade figures. The pound rose 10 points against the dollar to close at $1.3855-1.3865, after opening at $1.3820-1.3830. It also improved to DM 3.7875 from DM 3.7725; FFr 11.6550 from FFr 11.6050; SwFr 3.13 from SwFr 3.1125; and Y321.25 from Y320.75.

D-MARK — Trading range against the dollar in 1984 is 2.8425 to 2.5535. April average 2.6435. Trade-weighted index 125.5, against 124.7 six months ago.

The D-mark eased slightly against the dollar at the Frankfurt fixing. The German Bundesbank sold $11.35m as the dollar rose to DM 2.7381. On Monday it was fixed at DM 2.7285 when the central bank sold $13.6m. At the opening of trade yesterday the dollar stood at DM 2.7370, and the market moved uneventfully and quietly up to the fixing, waiting for U.S. trading to begin after the Memorial Day holiday. Trading was nervous ahead of talks between employers and the metalworkers union aimed at ending the present dispute, and the D-mark showed mixed changes against other major currencies. Sterling rose to DM 3.7850 from DM 3.7770 at the fixing, and the French franc to DM 32.510 per 100 francs from DM 32.505. The Swiss franc fell to DM 1.2124 from DM 1.2165.

JAPANESE YEN — Trading range against the dollar in 1984 is 234.80 to 223.10. April average 225.13. Trade-weighted index 157.8 against 154.3 six months ago.

The yen weakened slightly against the dollar, after fluctuating narrowing in end of month commercial trading. The dollar rose to Y231.90 from Y231.80, with many traders remaining out of the market, waiting for New York to reopen after the long holiday weekend. Nervousness about liquidity problems among U.S. banks, following the rescue package for Continental Illinois and rumours about one or two other major banks, kept trading quiet. The D-mark had a weaker tone following the announcement of a West German current account payments deficit in April.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.5480	+1.44	+1.38	±1.5447
Danish Krone ...	8.14104	8.20232	+0.75	+0.69	±1.6425
German D-Mark	2.24184	2.23622	−0.25	−0.31	±1.0642
French Franc ...	6.87456	6.87747	+0.04	−0.02	±1.4052
Dutch Guilder ...	2.52595	2.52043	−0.22	−0.28	±1.4964
Irish Punt	0.72569	0.728214	+0.43	+0.37	±1.6699
Italian Lira	1403.49	1381.73	−1.55	−1.56	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	May 29	Prev. close
Spot	$1.3860-3870	$1.3830-3840
1 month	0.23-0.26 dis	0.24-0.26 dis
3 months	0.73-0.77 dis	0.76-0.79 dis
12 months	3.50-3.40 dis	3.40-3.50 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

May 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3800-1.3875	1.3855-1.3865	0.23-0.27c dis	−2.16	0.75-0.80ds	−2.24
Canada	1.7860-1.7960	1.7940-1.7950	0.26-0.31c dis	−1.90	0.85-0.93ds	−1.98
Nethlnd	4.25½-4.28½	4.26½-4.27½	1¼-1c pm	3.16	4½-3¾pm	3.63
Belgium	77.05-77.40	77.20-77.30	15-22c dis	−2.87	43-51dis	−2.43
Denmark	13.86-13.90½	13.88-13.89	1½-2ore dis	−1.35	3¼-4¼dis	−1.06
Ireland	1.2315-1.2360	1.2315-1.2325	0.23-0.31p dis	−2.63	0.66-0.83ds	−2.42
W. Ger.	3.77½-3.80	3.78½-3.79½	1½-1pf pm	3.37	3½-3¼pm	3.70
Portugal	192.75-194.25	193.50-194.00	115-255c dis	−11.46	355-770dis	−11.61
Spain	212.25-213.00	212.85-213.05	78-105c dis	−5.15	290-325dis	−5.87
Italy	2334-2344	2336½-2338½	10½-12½lire dis	−5.84	32½-36¼dis	−5.97
Norway	10.77-10.81	10.79½-10.80½	3½-4¾ore dis	−4.17	7½-9 dis	−3.12
France	11.62½-11.66½	11.65-11.66	3-3⅞c dis	−3.54	11-12½dis	−4.05
Sweden	11.15½-11.20½	11.19½-11.20½	1½-2½ore dis	−2.14	3½-5dis	−1.56
Japan	320-322	320½-321½	0.68-0.58y pm	2.35	2.56-2.46pm	3.12
Austria	26.52-26.70	26.63-26.68	5-4½gro pm	2.08	20½-17pm	2.79
Switz	3.11½-3.14	3.12½-3.13½	1½-1⅛c pm	5.03	4½-4¼pm	5.67

Belgian rate is for convertible francs. Financial franc 78.30-78.40. Six-month forward dollar 1.60-1.65c dis. 12-month 3.48-3.58c dis.

THE DOLLAR SPOT AND FORWARD

May 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3800-1.3875	1.3855-1.3865	0.23-0.27c dis	−2.16	0.75-0.80ds	−2.24
Ireland†	1.1180-1.1235	1.1225-1.1235	0.09-0.04c pm	0.70	0.17-0.05pm	0.39
Canada	1.2948-1.2965	1.2950-1.2955	0.03-0.01c pm	0.18	0.07-0.05pm	0.18
Nethlnd	3.0800-3.0880	3.0800-3.0820	1.40-1.30c pm	5.25	4.55-4.40pm	5.90
Belgium	55.72-55.85	55.74-55.76	3½-5c dis	−0.91	1-4dis	−0.18
Denmark	10.01½-10.05	10.01¼-10.02¼	1½-1ore pm	1.49	4.65-4.15pm	1.75
W. Ger	2.7295-2.7345	2.7295-7.7305	1.26-1.21pf pm	5.41	4.02-3.97pm	5.83
Portugal	139.75-140.75	139.80-140.30	60-160c dis	−9.43	180-480dis	−9.43
Spain	153.60-153.85	153.70-153.80	40-60c dis	−3.90	145-175dis	−4.16
Italy	1686½-1693½	1686½-1687½	5-5½lire dis	−3.72	15-16dis	−3.66
Norway	7.7900-7.8115	8.7900-7.7950	1.10-1.60ore dis	−2.08	1.50-2.00ds	−0.90
France	8.4050-8.4400	8.4100-8.4150	0.85-1.15c dis	−1.42	3.50-4.20ds	−1.83
Sweden	8.0775-8.0875	8.0800-8.0850	¼ore pm-¼ dis	—	1.55-1.05pm	0.64
Japan	231.50-232.30	231.65-231.75	0.88-0.85y pm	4.48	3.06-3.01pm	5.23
Austria	19.22½-19.26	19.22½-19.23½	7-6½gro pm	4.21	25-23pm	4.99
Switz	2.2550-2.2635	2.2565-2.2575	1.40-1.30c pm	7.17	4.51-4.41pm	7.90

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.51-56.56.

OTHER CURRENCIES

May. 29	£	$		£ Note Rates
Argentina Peso ..	59.44-59.58	43.03-43.09	Austria	26.45-26.75
Australia Dollar .	1.5395-1.5415	1.1120-1.1125	Belgium	77.90-78.70
Brazil Cruzeiro...	2,141.3-2,163.9	1,550-1,568	Denmark..........	13.81-13.95
Finland Markka ...	8.0600-8.0830	5.8075-5.8125	France	11.59-11.71
Greek Drachma .	149.45-149.75	108.10-108.40	Germany	3.76½-3.80½
Hong Kong Dollar	10.81¼-10.82¼	7.8120-7.8140	Italy	2320-2355
Iran Rial	122.30*	88.30*	Japan.............	319-324
Kuwait Dinar(KD)	0.40935-0.40985	0.2959-0.2960	Netherlands......	4.25-4.29
Luxembourg Fr..	77.20-77.30	55.74-55.76	Norway............	10.74-10.85
Malaysia Dollar...	3.2050-3.2105	2.3125-2.3140	Portugal............	187-195
New Zealand Dlr.	2.1370-2.1420	1.5440-1.5455	Spain...............	205-214¾
Saudi Arab. Riyal	4.8695-4.8750	3.5200-3.5210	Sweden............	11.12-11.23
Singapore Dollar	2.9160-2.9236	2.1065-2.1080	Switzerland.......	3.10¾-3.13¾
Sth African Rand	1.7790-1.7815	1.2855-1.2865	United States.....	1.37¼-1.39¼
U.A.E. Dirham....	5.0800-5.0865	3.6720-3.6730	Yugoslavia	179-199

* Selling rates.

CURRENCY MOVEMENTS

May. 29	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.6	−11.1
U.S. dollar..........	131.3	+19.5
Canadian dollar....	88.7	−3.3
Austrian schilling..	115.7	+3.7
Belgian franc.	89.8	−11.2
Danish kroner......	78.0	−6.3
Deutsche mark.....	125.5	+8.1
Swiss franc.........	146.7	+11.0
Guilder...............	114.7	+4.5
French franc	66.1	−15.3
Lira	46.3	−12.9
Yen	157.8	+13.9

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (base average 1975 = 100).

CURRENCY RATES

May 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	N/A	0.590545
U.S. $........	9	1.04170	0.815648
Canadian $..	11.60	*	1.05702
Austria Sch .	4¼	19.9694	15.6992
Belgian Fr ...	11	57.9498	45.5480
Danish Kr. ..	7	10.4274	8.20332
D'mark	4	2.84228	2.23622
Guilder	5	3.20375	2.52043
French Fr. ..	9½	8.74768	6.87747
Lira	15½	1758.10	1381.73
Yen	5	241.466	189.287
Norwgn Kr..	8	8.11568	6.36898
Spanish Pta.	—	159.538	125.471
Swedish Kr..	8½	8.39766	6.59407
Swiss Fr	4	2.34435	1.84476
Greek Dr'ch	20½	112.466	88.5728

*C$/SDR rate for May 25: 1.34940.

EXCHANGE CROSS RATES

May 29	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.386	3.788	321.3	11.655	3.130	4.275	2338.	1.795	77.25
U.S. Dollar	0.722	1.	2.730	231.7	8.413	2.257	3.081	1687.	1.295	55.75
Deutschemark	0.264	0.366	1.	84.82	3.077	0.826	1.128	617.2	0.474	20.40
Japanese Yen 1,000	3.113	4.314	11.79	1000.	36.28	9.743	13.30	7276.	5.586	240.5
French Franc 10	0.858	1.189	3.250	275.6	10	2.686	3.666	2006	1.540	66.28
Swiss Franc	0.319	0.443	1.210	102.6	3.724	1.	1.365	746.8	0.573	24.68
Dutch Guilder	0.234	0.324	0.886	75.19	2.728	0.733	1.	547.1	0.420	18.08
Italian Lira 1,000	0.428	0.593	1.620	137.4	4.985	1.339	1.828	1000	0.768	33.05
Canadian Dollar	0.557	0.772	2.111	179.0	6.495	1.744	2.381	1303.	1.	43.05
Belgian Franc 100	1.294	1.794	4.903	415.8	15.09	4.052	5.531	3026.	2.323	100.0

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	6½-6¾	10⅛-10⅜	9¾-10¼	5¾-5⅞	10-14	5 11/16-5 13/16	12¼-12½	14½-15½	11¼-11¾	11½-12¾	6-6⅛	9⅝-10⅛
7 days' notice	7¼-7½	10⅜-10⅝	10-10½	5¾-5⅞	2-2¼	5⅝-5⅞	12-12¼	13⅝-14⅝	11¾-12¼	11½-11¾	6⅛-6¼	8¾-9¼
Month	8 1/16-8 3/16	10 9/16-10 11/16	10 7/16-10⅝	5 13/16-5 15/16	5⅝-5¾	5½-5⅝	12-12¼	14⅝-15⅛	12-12¼	11¾-12	6 5/16-6 7/16	9⅞-10⅜
Three months	9⅝-9¾	11 3/16-11 5/16	11 1/16-11⅜	6 1/16-6 3/16	3⅞-4	5 15/16-6 1/16	13¼-13½	15⅜-15⅞	12-12½	12-12¼	6⅜-6½	10¼-10¾
Six months	10 3/16-10 5/16	12 1/16-12 3/16	12 1/16-12⅝	6⅜-6½	4¼-4⅜	6¼-6⅜	14¼-14½	15⅞-16⅜	12½-13	12-12¼	6 7/16-6 9/16	10⅝-11⅛
One year	10 9/16-10 11/16	13 1/16-13 3/16	13⅛-13 5/16	6⅞-7	4½-4⅝	6⅝-6¾	15-15¼	17-17½	13¼-13¾	12⅛-12⅝	6½-6⅝	11⅛-11⅝

Asian $ (closing rates in Singapore): Short-term 10 9/16-10 11/16 per cent; seven days 10 11/16-10 13/16 per cent; one month 10⅞-11 per cent; three months 11¼-11⅜ per cent; six months 12 7/16-12 9/16 per cent; one year 13 3/16-13 5/16 per cent. Long-term Eurodollars two years 13¾-14 per cent; three years 13⅞-14⅛ per cent; four years 14-14¼ per cent; five years 14¼-14½ per cent nominal closing rates. Short-term rates are call for U.S. banks and Japanese yen; two days' notice.

MONEY MARKETS

London rates easier

Interest rates had a slightly easier tone on the London money market yesterday as doubts continued that the Federal Reserve will push up U.S. interest rates in the wake of liquidity problems within the banking system. This may be only a short term trend, before a restoration of confidence and the fast growth of the U.S. economy, lead to tighter monetary policy from the Fed, but at the moment is enough, coupled with easy day-to-day credit conditions to take the pressure off a little in London. The next major test of confidence is likely to be publication next week of the UK May money supply figures, which are not expected to be very encouraging, in the light of the recent statement by the Chancellor of the Exchequer. In fairly quiet conditions yesterday three-month interbank fell to 9⅝ per cent from 9⅞ per cent and discount houses buying rates for three-month bank bills declined to 9 7/32 per cent from 9⅜ per cent.

The Bank of England forecast a flat day in the money market, with major factors roughly in balance. Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender drained £370m, while bank balances below target absorbed another £25m. These were offset by Exchequer transactions adding £185m to liquidity, and a fall in the note circulation after the weekend of £220m.

There was no intervention by the authorities to buy bills from the market, but late assistance of £50m was provided.

In Frankfurt short term interest rates have been steady lately, and the Bundesbank is not expected to change its discount rate of 4 per cent or the Lombard rate from 5.5 per cent at today's council meeting. No press conference will be held after the meeting, which is generally a reasonable guide that no major policy changes will take place. Call money has been steady at 5.5-5.55 per cent or 5.5-5.6 per cent recently, near enough to the Lombard rate to indicate the lack of pressure in the money market. Conditions have been calm of late following a nervous period about a month ago when a weakening of the D-mark against the dollar led to fears of higher German interest rates. Since then the dollar has retreated, and calm has been restored to the Frankfurt market, as U.S. rates have eased in the wake of concern about liquidity problems among U.S. banks.

UK clearing banks' base lending rate 9-9¼ per cent (since May 10 and 11)

MONEY RATES

May 29	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.6	12¼	1-2	5⅛-5¼	5.90625	16½-16⅞	6.95	9½-10½
One month	5.55-5.60	12¼-12½	3⅛-3¼	5⅞-6	6.21875	16½-16⅞	11½-12	11½-11¾
Two months	5.60-5.75	12¼-12½	—	—	—	—	—	11¾-12
Three months	5.70-5.75	12¼-12½	3¾-4	6⅛-6¼	6.28125	16¾-17	12.12¼	12-12¼
Six months	5.90-6.05	12½-12¾	—	6⅜-6½	—	—	—	12⅛-12⅜
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11¾	—	—	5½	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

May 29 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	5-9	6¾-7	8½-8¾	5-9	—	—	—	—	—
2 days notice	—	—	7½-7¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	7½-7¾	8-8½	7¾	[illegible]	—	—	—	—	—
One month	9¼-9⅛	9¼-9⅛	9¼	9⅛	9	8¾	8⅝	9¼	9⅛	9½
Two months	9½-9⅜	9⅜-9⅛	9½	9⅝	9½	8⅞	8¾	9⅛	9	9⅝
Three months	9⅝-9½	9¾-9⅝	9⅝	10	—	9	8⅞	9¼	9⅛	9⅞
Six months	10⅛-10	10⅛-10	10⅛	—	—	—	—	9½	—	10¼
Nine months	10¼-10⅛	10¼-10⅛	—	—	—	—	—	—	—	—
One year	10½-10⅜	10½-10⅜	10⅜	—	—	—	—	—	—	—

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. May 29)

3 months U.S. dollars

bid 11 11/16 | offer 11 15/16

6 months U.S. dollars

bid 12 1/16 | offer 12 1/2

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	—	9⅛	[illegible]	[illegible]	[illegible]
Two months	[illegible]	—	9¼	[illegible]	[illegible]	[illegible]
Three months	[illegible]	—	9⅜	[illegible]	[illegible]	[illegible]
Six months	[illegible]	—	10	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	—	10⅛	[illegible]	—	—
One year	[illegible]	—	10⅜	12.3-12.1	11-11¼	10⅛-10⅜
Two years	—	11¼	—	—	—	—
Three years	—	11⅜	—	—	—	—
Four years	—	11½	—	—	—	—
Five years	—	11¾	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV. Average Rate of interest period April 4 to May 1 1984 (inclusive): 8.834 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9 per cent from May 1, 1984. London and Scottish Clearing Bank Rates for lending 9-9¼ per cent. London Deposit Rate for sums at seven days' notice 5¼-6 per cent. Treasury Bills: Average tender rate of discount 8.8803 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 9 per cent; one-three months 9¼ per cent; three-six months 9½ per cent; six-nine months 10¼ per cent; nine-12 months 10¼ per cent. Under £100,000 9 per cent from May 25. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	12½
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	—

Treasury Bills

One month	7.55
Two month	9.05
Three month	9.68
Six month	10.49
One year	10.84

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FINANCIAL FUTURES

Quieter trading

Trading was fairly quiet on the London International Financial Futures Exchange yesterday. Eurodollars for September delivery opened lower at 86.95 but then moved higher until the opening of U.S. markets, influenced by lower yields in the cash market. From a low of 86.93 the contract touched a peak of 87.10, but was then sold as the U.S. bond market weakened, to close at 87.01 compared with 86.99 on Friday. Concern about liquidity problems in the U.S. banking system was another depressing factor, and the market was also nervous ahead of today's auction by the U.S. Treasury of five year notes.

Short sterling deposits for September opened and closed at 89.35, near the days low of 89.34, and little changed from the previous close of 89.36. There was an early rally on short covering and lower London money market interest rates.

This increased confidence that an early rise in clearing bank base rates may be prevented, and took the September price up to a peak of 89.50, before the contract succumbed to similar factors to the Eurodollar market.

Gilt futures began firmer, with the June contract, which remains the major trading month, at 102-10. After touching a high of 102-20, on base rate hopes, the contract retreated as U.S. bonds opened weaker, and the UK April trade deficit of £838m, and current account shortfall of £588m turned out to be much worse than expected.

The Stock index ended at the day's low, but above Friday's settlement, reflecting disappointment at the trade figures and early declines on Wall Street.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	88.34	88.39	88.23	88.26
Sept	87.01	87.10	86.93	86.99
Dec	86.36	86.43	86.27	86.30
March	85.96	86.03	85.93	85.88
June	85.70	—	—	85.63

Volume 4,304 (9,778)
Previous day's open int 15,441 (14,273)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	90.37	90.41	90.35	90.31
Sept	89.35	89.50	89.34	89.36
Dec	88.79	88.95	88.79	88.86
March*	89.33	88.38	88.33	88.42
June*	88.06	—	—	88.10

Volume 790 (1,177)
Previous day's open int 8,521 (8,611)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	102-02	102-20	102-02	102-02
Sept	101-06	101-23	101-06	101-07
Dec	100-21	101-09	100-27	100-23
March	100-21	—	—	100-13
June	100-17	—	—	100-08

Volume 4,615 (4,537)
Previous day's open int 7,671 (7,451)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 12 to 22 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.3855	1.3855	1.3835	1.3845
Sept	1.3930	1.3930	1.3905	1.3920
Dec	1.4010	1.4010	1.3987	1.4002

Volume 683 (100)
Previous day's open int 4,168 (4,128)

DEUTSCHE MARKS DM125,000 $ per DM

	Close	High	Low	Prev
June	0.3663	0.3663	0.3657	0.3684
Sept	0.3716	0.3716	0.3712	0.3738

Volume 39 (568)
Previous day's open int 386 (578)

SWISS FRANCS SwFr125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4441	—	—	0.4466
Sept	0.4525	—	—	0.4558

Volume nil (nil)
Previous day's open int 1,164 (1,162)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4324	0.4324	0.4320	0.4323
Sept	0.4383	0.4383	0.4380	0.4385

Volume 5 (6)
Previous day's open int 385 (382)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	104.60	105.90	104.60	104.55
Sept	103.90	104.05	103.75	103.65
Dec	105.15	—	—	105.50

Volume 343 (731)
Previous day's open int 1,170 (1,194)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	60-19	61-02	60-16	60-27
Sept	59-28	60-09	59-25	60-03
Dec	59-10	59-25	59-09	59-19
March	59-00	59-14	58-31	59-08
June	58-23	59-00	58-23	58-31
Sept	58-16	58-19	58-16	58-24
Dec	58-13	58-16	58-12	58-18
March	58-08	58-10	58-08	58-13

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	90.17	90.24	90.13	90.18
Sept	88.61	88.69	88.57	88.63
Dec	88.02	88.11	88.01	88.04
March	87.71	87.79	87.70	87.71
June	87.47	87.50	87.45	87.46
Sept	87.25	87.29	87.24	87.27
Dec	87.05	87.11	87.04	87.10
March	86.90	86.93	86.90	86.96

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	88.44	88.50	88.42	89.42
Sept	87.13	87.22	87.10	87.12
Dec	86.45	86.53	86.45	86.40
March	86.05	86.11	86.05	86.00

THREE-MONTH EURODOLLAR (IMM)

	Latest	High	Low	Prev
June	88.02	88.08	88.00	87.99
Sept	86.67	86.75	86.64	86.65
Dec	85.99	86.06	85.96	85.93
March	85.58	85.65	85.55	85.51
June	85.27	85.32	85.26	85.19

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.3850	1.3870	1.3820	1.3845
Sept	1.3935	1.3940	1.3890	1.3915
Dec	1.4020	1.4020	1.3985	1.3995
March	1.4100	1.4100	1.4070	1.4085

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	64-20	65-05	64-20	64-31
Sept	63-11	63-28	63-11	63-22
Dec	62-12	62-25	62-12	62-22
March	61-20	—	—	61-27
June	—	—	—	61-07
Sept	—	—	—	60-19
Dec	—	—	—	60-06

Legal Notices

IN THE MATTER OF COMPANIES ACT 1948
AND IN THE MATTER OF FASHION TAILORS LIMITED
AND IN THE MATTER OF PIERE JEAN PAUL LIMITED

NOTICE IS HEREBY GIVEN Pursuant to Section 293 of the Companies Act, 1948 that a Meeting of the Creditors of the above-named Company will be held at King's Head Hotel, High Street, Harrow-on-the-Hill, Middlesex, at 11.00 a.m. on Tuesday, 5th June 1984 for the purposes mentioned in Sections 294 and 295 of the said Act.

Dated this 21st day of May, 1984.
By Order of the Board
J. B. KIWANUKA, Director

Announcements

TELECOMMUNICATION MANAGERS ASSOCIATION

John K. Kelly, Telecommunications Director of the Grand Metropolitan information services has been appointed Chairman of the above association which is an integral part of The Institute of Administrative Management.

Art Gallleries

THACKERAY GALLERY, 18 Thackeray St., W8. 01-937 5883. ROY ABELL — Paintings and Watercolours. Until 8 June.

Company Notices

F. & C. ATLANTIC FUND S.A.

société anonyme
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Commercial Register:
LUXEMBOURG Section B No. 8,198

NOTICE OF A GENERAL MEETING OF SHAREHOLDERS

A General Meeting of Shareholders of F. & C. ATLANTIC FUND S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen, on June 19th, 1984, at 11.00 hours with the following agenda:
—to declare a 15 cents cash dividend per share from the 1983 results.

The shareholders are advised that no quorum for the general meeting is required and that decisions will be taken by the majority of the shares present or represented at the meeting with the restriction that no shareholder either by himself or by proxy can cast votes in respect of a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

In order to take part at the general meeting of June 19th, 1984, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following banks:
—Banque Générale du Luxembourg S.A. 14, rue Aldringen, LUXEMBOURG.
—Williams & Glyn's Bank Ltd. 67, Lombard Street, London EC3P 3DL.

THE BOARD OF DIRECTORS

ASSOCIATED BRITISH FOODS plc

NOTICE IS HEREBY GIVEN that the Register of Members will be closed from 30 May to 22 June 1984, both dates inclusive.

By Order of the Board,
T. H. M. SHAW
Secretary

Weston Centre
Bowater House
68 Knightsbridge
London SW1X 7LR
30 May 1984

Clubs

THE GASLIGHT of St. James's, London's most exciting businessman's night-time retreat. No membership needed. Open Mon.-Fri. 8 pm-2.00 am. Sat. 9 pm-2.30 am. 2 bars, restaurant. Dozens of danceable companions, tantalising cabaret acts. Happy Hour 8-9 pm. If required, superb 3-course dinner only £10.75 plus service and tax. Entrance fee £5.75 (this is refunded less £1 to diners ordering before 8.45 pm or 9.45 pm on Saturdays). Also now open for Naughty lunches, 12.30 till 3.30 pm. Only £12.95 incl. VAT. Free evening car service available from your London address, ring for details from 10 am. 4, Duke of York St., SW1. Tel: 01-930 1648/4950.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May

U.S. DOLLAR STRAIGHTS

DEUTSCHE MARK STRAIGHTS

SWISS FRANC STRAIGHTS

YEN STRAIGHTS

OTHER STRAIGHTS

FLOATING RATE NOTES

CONVERTIBLE BONDS

CAPITAL MARKETS

Eurobonds enlivened by D-Mark sector

BY MARY ANN SIEGHART IN LONDON

BHF Bank bond average		
May 29 98.892		Previous 98.919
High 100.009	1984	Low 98.056

THE D-MARK sector of the Eurobond market was awash with new issues yesterday, when three private placements and one public issue were launched.

The South African Department of Posts and Telecommunications is raising DM 150m through a public bond led by Berliner Handels und Frankfurter Bank. The issue is guaranteed by the Republic of South Africa and is the borrower's second public D-Mark issue.

It has a seven-year life and an 8¾ per cent coupon at par. Because of its relatively high coupon, it proved more popular than the other new issues, selling at a 1⅛ point discount.

Österreichische Kontrollbank launched a DM 100m private placement through Bayerische Landesbank. This one is for five years and has a 7¾ per cent coupon at a price of 99½. It is guaranteed by the Republic of Austria. The lead manager reported demand to be slow, despite the relatively high yield.

Security Pacific yesterday launched its DM 60m private placement – a day earlier than expected. The four-year maturity is short for the D-Mark sector and is probably designed to appeal to nervous investors.

It pays a coupon of 7⅝ per cent at par and is led by Commerzbank. Yesterday, it was selling slowly at a 1¼ point discount.

The fourth new issue of the day came from Matsushita Electric Trading Company, the trading arm of the Japanese company. It is raising DM 50m through a seven-year private placement with a 7⅝ per cent coupon at a price of par.

Deutsche Bank is leading the deal, which, like the other issues, met with low demand at a 1¼ point discount.

Meanwhile, Merrill Lynch has decided to increase the amount of its EuroCanadian dollar deal for Hydro Quebec from C$50m to C$75m because of "substantial demand."

Continental investors have apparently been attracted by the issue's relatively high 14 per cent coupon.

Prices of seasoned dollar bonds changed little in a day of nervous trading, while the D-Mark and Swiss franc sectors lost about ¼ point. Trading there was quiet too.

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 30